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UNITED STATES FIRE INSURANCE CO.	Organized 1824	129 Years
THE BRITISH AMERICA ASSURANCE CO.	Incorporated 1833	120 Years
WESTCHESTER FIRE INSURANCE CO.	Organized 1837	116 Years
THE WESTERN ASSURANCE COMPANY	Incorporated 1851	102 Years
		<u>598 Years</u>

OLD COMPANIES LIKE OLD FRIENDS WEAR WELL... Over a span of almost six centuries these companies have survived the trials of Peace and War; Prosperity and Depression; Inflation and Deflation, and have profited by the experience. They have kept faith with Agents and Policyholders—mindful of the trust and confidence reposed in them. They are old in years, but young in spirit, and have kept abreast of changing times and conditions—always adhering to sound underwriting principles. With each passing year, we have an increasing appreciation of the contribution which our Agents have made to the good name and reputation of the Companies.



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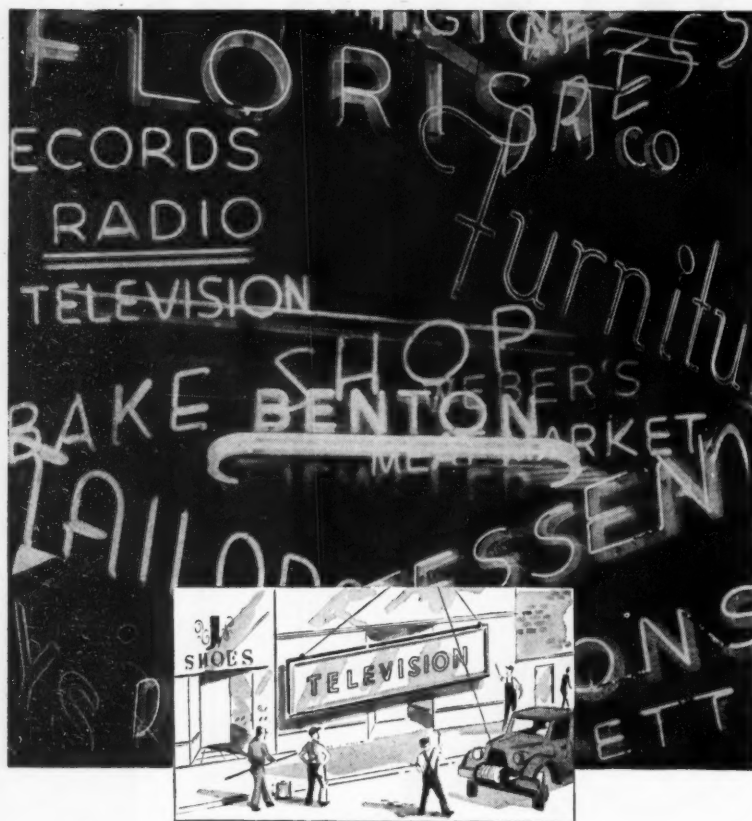
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UNITED STATES FIRE INSURANCE CO.	Organized 1824	THE WESTERN ASSURANCE CO., U. S. Branch	Incorporated 1851
THE NORTH RIVER INSURANCE CO.	Organized 1822	THE BRITISH AMERICA ASSURANCE CO., U. S. Branch	Incorporated 1833
WESTCHESTER FIRE INSURANCE CO.	Organized 1837	SOUTHERN FIRE INSURANCE CO., Durham, N. C.	Incorporated 1923

WESTERN DEPT. FREEPORT, ILL. PACIFIC DEPT. SAN FRANCISCO SOUTHERN DEPT. ATLANTA ALLEGHENY DEPT. PITTSBURGH VIRGINIA CAROLINAS DEPT. DURHAM, N. C.



THURSDAY, OCTOBER 8, 1953



When a man puts up a sign...

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Naturally he has Fire Insurance—he thinks it does the job. The fact that his income stops when he's temporarily "out of business" following a fire, windstorm, explosion or other disaster doesn't enter his mind. Chances are that he has never even heard of Business Interruption Insurance.

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(Nothing can point up the need for Business Interruption Insurance more concretely than the recent widely-publicized accounts of the big industrial fire not covered by Business Interruption Insurance.)

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Edward T. Harrison, Chairman of the Board
Gordon S. Yeargan, President

The National Weekly Newspaper of Fire and Casualty Insurance

Automobile Blues Don't Spoil Fun at White Sulphur

**All-Time Record
Crowd at Brilliant
Casualty Convention**

By KENNETH O. FORCE

WHITE SULPHUR SPRINGS—More than 500 members of National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives and their wives—an all-time record crowd—attended the joint annual convention here.

As is customary, the atmosphere was relaxed and fraternal in the Greenbrier decor and setting, and the weather was sunny and pleasant, ideal for both athletes and non-athletes. It was observed that the company people



R. E. McGinnis



H. P. Jackson

were somewhat more relaxed than the agents, compared with the last two or three years. This is not surprising, considering that a year ago companies were sweating over underwriting losses and today the figures are livable. Now the keenest problem is competition, and that is hitting the agents first.

This agency group is comprised of larger operators in the field, yet much of the lobby conversation and the more formal discussions concerned loss of automobile business. Many of the agencies represented write large volumes of this line and it constitutes bread and butter for them as for the smaller agency businesses of the country.

Officers in the two associations moved up, R. E. McGinnis of Central Surety succeeding Harold P. Jackson of American on the company side and Thomas W. Earls of Cincinnati following Lyle S. McKown of Minneapolis as president of the agency group.

Auto rates headed the list of problems discussed by Mr. McKown in his presidential address. What has the business done about high rates due to adverse experience, cost conscious public and competitors using a different method of merchandising at substantial discounts? he asked.

When it started raising rates the business virtually apologized as though it were to blame when it should have placed the blame squarely on the shoulders of the auto owner who

Fire Prevention Week Impact Is the Greatest Ever; TV Use Is Intensive

NEW YORK—On a count basis, the Fire Prevention Week message this year will reach a new record. National Board supplied some 14 million pieces of literature. Requests for material were received from 6,405 organizations, in the New York office alone. The Chicago and San Francisco offices also filled many requests.

For weeks those departments of National Board that are concerned with the week have been working night and day to handle the enormous detail that the observation now entails. Fire Prevention Week has grown into a giant size project.

The board furnished one minute film trailers to 165 TV stations, the same trailer that is being purchased by local fire departments for use in local

theaters during the week. The latter project is carried out each year. All TV and radio stations over the country secured from the board a set of spot announcements and fact sheets from which they could develop their own programs.

Every film in the board library of 1,200 prints has been booked up for weeks, including 65 copies of the new training film for volunteer firemen. The board is cooperating with the New York City fire department in local TV shows. TV networks received material and some of this went on the Mr. Peepers show over NBC. Norman Davis, assistant secretary of Underwriters Laboratories, appeared on TV station WTOP in Washington last Saturday with a fire prevention message.

makes the experience and who as a juror awards higher and higher verdicts, Mr. McKown declared. The attitude of the business was reversed but not before a lot of damage was done.

Then to meet competition National Bureau of Casualty Underwriters came out with a set of classifications which increase the overhead of company and agent and which many believe are impractical and will prove ineffective. Producers have been told they must accept a reduction in commission if they are to get rates to a really competitive level. That is not, he thinks, a reasonable solution.

Why not start with that portion, by far the largest, of the premium dollar set apart to service claims and pay losses? In New Jersey, New York and Wisconsin the business has outlined a safety and law enforcement program designed to get at the root of the whole problem. But except in

New York where a good start has been made, practically nothing has been done about putting it into operation. A substantial reduction in accidents would go farther than anything to meet competition of new merchandising methods.

There should be real economies through improved accounting, policy writing, recording, etc., before talking about a reduction in production cost. If it can be said that because of high auto rates commissions are too high; so is company overhead because it too varies with premium adjustments. Why change one and not the other?

A 5% cut in either commissions or company expense could be serious but less serious for companies since it would mean merely elimination of the profit factor. A 10% cut in either could be disastrous to agents and the public as well. A 15 to 20% cut in losses, however, is healthy for all and

(CONTINUED ON PAGE 23)

Agents Close Long, Successful Meeting in Washington, D. C.

**A. M. O'Connell Is Named
to Executive Committee;
L. E. Woodbury Reelected**

WASHINGTON—The annual convention of National Assn. of Insurance Agents here, if not the largest in that body's history, was probably the liveliest and certainly established a record for number of things that occurred. The four days constituted the largest chunk of calendar ever devoted to the affair. Heretofore a part of a fourth day had been turned over to those interested in safety but with the banquet Wednesday night, few stayed on to get the benefit of the safety session. Con-



Louie E. Woodbury, Jr.



Arthur M. O'Connell

sequently, this year the full day was added with the banquet Thursday night. The safety people were given what looked like a good spot on the program. However, a meeting of the national board of state directors and the world series game combined to hold the crowd at the safety meeting to about what it has been in previous years anyway.

Louie E. Woodbury, Jr., of Wilmington, N. C., who has served a one-year term on the executive committee, was returned to that body. The other vacancy on the executive committee was filled on the day following the meeting by appointment of the executive committee itself, and Arthur M. O'Connell of Cincinnati was the choice.

Texas won the mileage cup of the California association and Virginia the Des Moines attendance cup for the largest number of members registered at the convention.

One resolution adopted "declares that the public interest is best served by independent contractor insurance agents and brokers, who maintain their own offices, who bill for their own account, and who effect insurance solely with companies whose loyalty to the American agency system is unquestioned."

This one grew out of agent reaction to H. K. Dent's new Selective Automobile & Fire Ins. Co., which, Thomas Harmon of Seattle declared, prostitutes the agency system and foists on it the method of the direct writers. It reduces commissions not five but 10

(CONTINUED ON PAGE 27)

Late News Bulletins . . .

Smith Tex. Life Commissioner; Saunders Casualty

Gov. Shivers of Texas has appointed Garland A. Smith, the casualty commissioner, as life commissioner and chairman of the board of commissioners. Mr. Smith succeeds the late George Butler.

J. Byron Saunders has been named casualty commissioner. Mr. Saunders, who is currently chairman of Texas board of public welfare, is 44, and lives in Tyler, where he served as district attorney from 1932 to 1934. Later for four years he was a Smith county judge. A navy veteran of the last war, Mr. Saunders has been in private law practice at Tyler since 1946.

Mr. Smith was editor and publisher of the Caldwell, Tex., *News* for nine years before going into state politics in 1940 when he was appointed assistant state treasurer. After navy service, he was manager of the campaign of Allan Shivers for lieutenant governor, becoming assistant to Shivers when the latter became governor in 1949. Mr. Smith has been casualty commissioner since April, 1952.

Paul Brown, the fire commissioner who has been in a coma since suffering a stroke in February, continues in that post.

Aetna Directors Deliberate in West

Directors held their October meeting in the Aetna's new western department building at Park Ridge, Ill. The party consisted of W. Ross McCain, chairman; Clinton L. Allen, president; F. Goodwin Smith, George H. Day, Graham H. Anthony, Charles P. Cooley, Jr., Raymond C. Ball, Robert S. Garvie, David A. Solly, Jr., Harry M. Mountain, Frank K. Houston, Henry S. Morgan and Guy E. Beardsley. Secretary D. F. Kirschman was also with the party.

There was a tour of the building Tuesday morning, luncheon at Tam O'Shan-

(CONTINUED ON PAGE 28)

U. S. Asks Decree Without Trial in Cleveland Case

Government Claims Anti-Trust Violations of Board Are Patent

The Cleveland Board anti-trust case that has been in the oven for 2½ years is now getting red hot. Attorneys for the Justice Department anti-trust division filed a brief asking the federal court for a decree in behalf of the government without a trial, based on "the undisputed facts." The petition runs nearly 120 pages and in general the government contends that the rules of Insurance Board of Cleveland have monopolized and restricted free dealings in the business of selling fire insurance in Cuyahoga county.

"In these circumstances," the brief said, "an extensive trial would seem to be an imposition on valuable court time." Robert B. Hummel, chief of the Great Lakes anti-trust office, was quoted as saying that in the exchange of pre trial data since 1951, Insurance Board had "admitted violations of law which cannot be justified." He said the government based its request for a favorable ruling without a trial on the board's answer to the government complaint, its answers to a series of 104 government questions and the lawyers' agreements on rules in effect since 1927. According to the govern-

ment brief, lawyers for the board said the rules of the board give "strength to the agent by affording the opportunity for concerted influence or concerted action.... (for) the protection of the policyholder or agent." The government contends that this is an admission of strength to apply pressure.

The Cleveland Board, according to the government brief, violates the anti-trust laws through regulations prohibiting the members from these activities: Representing companies that sell insurance at cut rates, mutual companies, companies that appoint any non-board agents, companies that operate branch offices, solicit business directly or contribute to the overhead expenses of their agents, and placing or accepting exchange of brokerage business with mutual agents or non-board agents except on a discriminatory basis.

The government brief said the board's answer to the complaint admits all of the subsidiary facts relating to the nature of trade and commerce, but denies that the board or its members are engaged in interstate commerce or that the sale of fire insurance is essential to or affects the flow of interstate commerce. The government said the answer admits the substance of all restrictions on which the complaint is premised even though it denies the effect alleged in the complaint and seeks to justify the challenged restraint.

The government alleges that there are 10 substantial terms of the agreement. These the government calls the "10 facets of the conspiracy." There is a concerted action to eliminate other sales outlets in the county and to dic-

tate terms and conditions of carrying on business there. The 10 terms include: In and out rule, reciprocity or non-intercourse rule, agreement not to represent companies utilizing branch offices, elimination of branch offices, agreement not to represent mutual companies and dividend paying or return allowance companies, agreement to transact business only by methods established and approved by the board, agreement to abide by the board's rules and regulations. The board's regulations are vigorously enforced and policed, according to the government petition.

The brief said that the admitted facts establish that the board adopted regulations designed to make production branch offices unprofitable to companies and to make possible successful negotiations for the termination of production branch offices. There is a clear picture, the brief states, that the admittedly favorable position of the board in regard to branch office competition is one of design. It was brought about by a carefully executed program of the board in which the regulations were revised so as to freeze existing branch office connections; curtail and regulate branch office activities to the point where they became unprofitable, and from that position of strength successfully negotiate for the termination of branch offices in Cuyahoga county.

The government people also quoted the board as expressing the belief that "the public interest suffers from cut rate competition in premium rates..." The government asserted that the board's disapproval of cut rate and mutual companies coupled with agreements not to handle their insurance amounted to a clear cut "boycott." The brief was prepared by Hummel and Norman H. Seidler and Harry E. Pickering.

Frank X. Cull is chief lawyer for the board.

Hear Theft Bureau Men

Charles Black and Ray King of National Automobile Theft Bureau will speak at the Oct. 8 luncheon meeting of Automobile Claims Assn. of New York.

A.&H. Bureau Speakers Cover Wide Range

Laurence Soper Elected New Chairman at First Rally in Canada

Bureau of A. & H. Underwriters, meeting at Quebec this week, elected Laurence B. Soper, assistant vice-president of New York Life, as chairman of the governing committee to succeed E. A. Hauschild, Security Mutual Life.

Twelve members were elected to the governing committee, and they are: Logan Bidle, Aetna Life; W. deV. Washburn, American Health; Robert



J. F. Follmann, Jr.



E. A. Hauschild

K. Metcalf, Connecticut General Life; J. Henry Smith, Equitable Society; W. L. Bates, Fidelity & Casualty; Daniel J. Lyons, Guardian Life; W. E. Kipp, Indemnity of North America; William R. Shands, Life of Virginia; Graham Watts, Royal-Liverpool group; Paul E. Laymon, Standard Accident; Alfred W. Perkins, Union Mutual Life, and Clarence C. Clarke, Zurich.

Mr. Soper joined Connecticut General Life in 1920 when he graduated from Syracuse university. He became superintendent of the accident department in 1921 and in 1937 was made assistant secretary. He has written a

(CONTINUED ON PAGE 25)

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Government insurance panelists at N.A.I.A. convention: Seated—R. E. Shetley, Navy; Thomas L. Kane former Department of Defense Insurance department head; F. M. Saunders, Rural Electrification Administration. Standing—Leroy Harff, Army; E. L. Milkwick, Public Housing Authority; Ralph Dunn, Air Force, and Maurice Herndon, Washington representative N.A.I.A.

15% Clean Slate Credit in Zurich Merit Rating Plan

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Subscriber Status

A merit classification plan for private passenger automobile insurance has been adopted by Zurich-American for use in California, Idaho, Missouri, North Dakota, Delaware, Virginia and Montana. This plan will be the basis for filings in other states, according to Neville Pilling, U. S. manager of Zurich.

Announcement of the plan followed the recent resignation of Zurich-American from National Bureau of Casualty Underwriters with respect to automobile liability lines and their concurrent resignation of their subscribership to National Automobile Underwriters Assn.

The plan will apply to physical damage as well as to automobile liability and medical payments coverages. It will include a schedule of credits and debits based on the accident and loss records of risks during a 12-month experience period.

Credits and debits applying to BI, PDL and medical payments coverages are:

GROUP	ACCIDENT EXPERIENCE	RATING BASIS
A	No accidents	15% credit
B	One accident	Manual
C	Two accidents	25% debit
D	Three or more accidents	50% debit
E	New owner—no record of experience	Manual

This schedule will be superimposed upon the rates developed by the standard 1-2-3 classification plan except that, wherever the seven-class plan has been adopted, Zurich-American will file a five-class plan. Class 1 will not be divided, but will have a single rate equal to Class 1 B of the seven-class plan.

American Enters Hail Field in West

American has taken steps to organize a hail department in its western office at Rockford, Ill. William D. Gehringer has been employed as superintendent of the hail department and he will assume that position in November. He has been hail supervisor for Home in Arizona and southern California with headquarters at Phoenix. It is expected that American will be able to offer hail writing facilities in four or five middle western states for the 1954 season.

American for many years has been operating in the hail insurance field in the south with headquarters at Greensboro, N. C., but not for the past 25 years or so has it engaged in hail underwriting in the middle west. American is the largest writer of hail insurance in the southeast.

Superior Agents Elect

William McKinnon has been elected president of Superior (Wis.) Assn. of Insurance Agents. He will succeed Edward Smet, who was elected secretary. Paul Holden was named vice-president. At the meeting formal presentation was made of a special citation and \$250 from N.A.I.A. for successful conduct of a campaign to gain public acceptance of methods of traffic regulation and driver control.

Special rate considerations will be given to farmers and clergymen, subject to the "age 25" qualification.

Classifications with respect to physical damage coverages will follow standard practice, to which merit factors will be applied as follows:

GROUP	ACCIDENT OR LOSS EXPERIENCE	RATING BASIS
A	No accident or loss under any physical damage coverage	10% credit
B	One accident or loss under any such coverage	Manual
C	Two accidents or losses involving one or more such coverages	10% debit
D	Three or more accidents or losses involving one or more such coverages	25% debit
E	New owner—no record of experience	Manual

The merit classification plan is applicable only to automobiles classified as private passenger automobiles.

When a risk consists of two or more automobiles, each will be classified separately. However, the plan will not apply to those automobiles which

are fleet or experience rated.

"The blending of the merit principle with the classification method is a sound approach to the private passenger automobile insurance problem," Mr. Pilling said, "because it makes it possible to measure the quality of a risk as well as the exposure to risk. By giving more consideration to the accident-free driver and placing a larger share of insurance costs on the accident-producing driver it tends to encourage safe driving practices."



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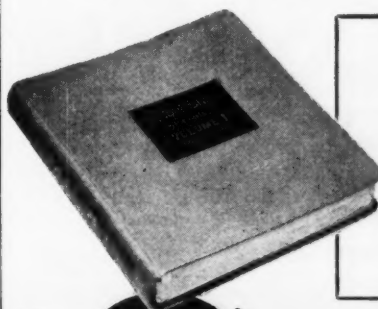
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One Rule for Stock, Another for Mutual Is Challenged in Kansas

Since information furnished the agents of stock companies in Kansas is held to be information to the company, the failure to apply such rule to mutual companies issuing "stock-plan policies" violates the contractual relationship of the parties and does not afford equal protection under the laws. This argument is set up in a brief in a petition to the U. S. Supreme Court to review a decision of the Kansas supreme court that held in favor of Farmers Mutual of Maysville and against the insured who is Earnest Lallak.

Lallak had a \$5,000 policy in Farmers Mutual, and his dwelling was completely destroyed by fire Dec. 9, 1951. Farmers Mutual denied liability because there was a \$2,000 policy of Hartford Fire also on the house, for which no written consent was endorsed on the policy. According to the petition, Lallak orally applied to an agent of Farmers Mutual for the insurance and furnished the agent with all the facts requested. There was no signed application, but the agent supplied the insurer with a written application wherein it was stated that there was no other insurance. According to the petition, Lallak orally told the agent that he had the Hartford Fire policy. Later the Hartford Fire policy, according to the petition, expired and a new one was secured for the same amount in the same company with full knowledge and consent of the Farmers Mutual agent.

According to the petition, the Farmers Mutual policy is the standard stock-plan contract. There was not attached to the policy any by-laws or copy of the application. According to the petition the policy did contain a provision that other insurance may be prohibited and upon the farm property form attached there was a statement that "other insurance prohibited unless written consent by the company is endorsed hereon." The petition said it has long been the accepted holding of the Kansas supreme court that information furnished the agent of most insurance companies is information to the company; and that if the insured told the agent he had other insurance

and thereafter the company did not, within a reasonable time, reject liability, such constituted a waiver of the requirement that written consent be endorsed on the policy. Since a stock company policy is a contract between the parties, why is not, the petition asks, the same policy issued by a mutual company the contract between the parties in view of the provision in the law that "the policy as thus issued shall be and constitute the entire contract between the company and the insured"?

The Kansas decision holds that other provisions of the law applicable to mutual companies and the by-laws of such companies are a part of the contract. This, the petition of Lallak asserts, constitutes an impairment of the contract, since such provisions entirely change the relationship between the parties and their mutual rights and obligations.

The petition asks the question: "May a state, by judicial decree, constitutionally enforce certain common laws of the state as against stock insurance companies, and not against mutual insurance companies, to the prejudice of policyholders of the latter companies, where both types of companies are authorized by the state to and do issue the same commercial policies for level premiums?"

If this decision stands, the petition states, then the general public has no protection because there are very few who do appreciate the difference between mutual and stock companies and consider an insurance policy as a contract in accordance with its terms without respect to the maker thereof. If the decision stands, then it will be unsafe for anyone desiring insurance to secure the same through an agent, because if the agent happens to represent a mutual company, he can prepare and sign the application for the person, and then fail to give the company the information supplied him by the applicant, and the applicant, not the company is bound by the agent's knowledge and action."

Firemen's Ups Dividend

Firemen's has increased its semi-annual dividend payment to 50 cents, from 45 cents, the newest disbursement to be made Nov. 14 to stock of record Oct. 15. Thus the indicated annual rate is \$1.

Kenney Central Surety's Pacific Coast Manager

Central Surety has appointed Ben T. Kenney manager of the Pacific Coast department office at San Francisco. He is a graduate of Kansas City school of law, and started in the fidelity and surety business in 1938 at Los Angeles

with Fidelity & Casualty. He was later in the bond department of National Automobile at Los Angeles, and before joining Central Surety was assistant manager of the bond department of Swett & Crawford at San Francisco.

American Live Stock, Geneva, Ill., has been licensed in California.

Senator Homer Ferguson of Michigan, with Walter Cary, prominent local agent of Detroit, at left, and Waldo Hildebrand, executive secretary of Michigan Assn. of Insurance Agents at N. A. I. A. convention where Ferguson spoke.



Some members of NAIA casualty committee at cocktail party given during the Washington convention by Joseph H. Bandy of Nashville: David J. Brewer, Greenwood, Miss., Herbert L. Brooks of East Orange, N. J., Mr. Bandy, Fred J. England of Cambridge, Mass., and Pete H. Hawes of Kansas City.

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Now Estimate GM Insurance Loss \$28½ Million

The General Motors loss in Livonia township, Mich., is now estimated at \$28½ million. The estimate is total on the \$28 million of straight Factory Insurance Assn. coverage, but the estimate is only \$500,000 on the \$4 million of builders' risk coverage that was involved.

Gridiron Wit Again Abounds in White Sulphur Under-Rater

WHITE SULPHUR SPRINGS, W. VA.—Delegates to the big joint annual meeting of the casualty and surety business learned on arrival of momentous "new developments," reported by the "White Sulphur Springs Under-Rater." Scoop of the year was the story that Gov. Dewey had signed the compulsory automobile insurance bill for New York state while they were all enroute here!

This was a Gridiron Club treatment of various problems of the casualty business. It reported that the new law "requires the automobile owner and/or operator to carry insurance, keep \$20,000 in cash in his pocket at all times, or have \$50,000 in negotiable securities in the glove compartment of his car" in order to "liquidate the economic consequences of automobile injuries and damages and assist other worthy objectives."

Grounds on which an insurer can refuse to take a risk, the Under-Rater reported, are "that the driver is a convicted user of marijuana or other

GUESS WHO IS ASKING WHO.

AL, DO YOU THINK COMPULSORY INSURANCE WOULD BE A GOOD THING FOR MY DEAR PEOPLE?



vicious drug, has just been released from an insane asylum, or has double vision or none. However, a special pool will be set up to write these risks."

Regarding the matter of profits for the companies under the new law, Frank C. McVicar of Hartford Accident was pictured as having asked, "What about doing better than average?" The official reply allegedly was: "That will no longer be permitted. A company will be allowed to do worse than average, but not better."

Under a Copenhagen date line there was published an unconfirmed rumor that the surgeon who transferred Christine Jorgenson to the distaff bench has now "succeeded in transforming a well known fire insurance executive into a casualty man." Results of the reputed operation included removing of the fire man's backbone and all the firm cartilage and a good deal of bony structure and "substitu-

tion of guava jelly and scotch tape."

According to the surgeon, as reported in the Under-Rater, "this procedure should enable the newly created casualty man to be more flexible in his decisions—particularly in his dealings with agents." Nerve centers were also changed, it was stated, "to give the subject the impression that he is going forward while he is actually travelling backward." Furthermore, the eye area was said to have been operated on with these results: "In the future, everything that is red will appear black to the newly created cas-

ualty leader. This will assure a profitable year to his company...in fact the only time they will lose money will be in those years when they have a good profit...a highly unlikely contingency."

Many of the issue's news items of interest to the conventioners were "too hot to print," but they were printed anyway in the uninhibited Under-Rater, which appeared for the first time last year.

In one cartoon, Gov. Dewey was represented as holding on his lap a "Charlie McCarthy" dummy who re-

plied "Yes, Yes, Yes, Yes, Yes" to the question: "Al, do you think compulsory insurance would be a good thing for my dear people?" The cartoon was titled: "Guess Who Is Asking Who?"

To Increase Kansas Dues

The executive committee of Kansas Assn. of Insurance Agents, meeting at Wichita, approved a proposal to increase dues on a graduated scale from \$25 for agents up to \$25,000 premium volume to \$500 for those of \$476,000 and above. It will be acted upon at the convention Oct. 18-20 at Wichita.

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E. O. Redwitz to Retire; 34 Years With Security

E. Otto Redwitz, secretary of Security of New Haven group, will retire Nov. 1. He has been with the company for 34 years as a field man and officer.

Mr. Redwitz began his insurance career with the local agency of Riker & Riker of Harrodsburg, Ky., while going to school. After completing his schooling he went with Kentucky Actuarial Bureau, and then was manager of the local agency department of Henry Clay Fire at Lexington. In 1914 he joined Edward J. Miller & Co. of Louisville as office manager of that agency, resigning in 1917 to become Kentucky-Tennessee field man for London Assurance.

Mr. Redwitz served in the first war, and in 1920 joined Security as Ken-

tucky state agent. He went to the home office in 1946 and organized and headed the new agency development department. The following year he was elected assistant secretary and in 1950 became secretary of Security and Connecticut Indemnity.

Loss on Incendiary Fire in N.Y. Exceeds \$600,000

NEW YORK—Damage to the Hecht Bros. department store is between \$600,000 and \$700,000 on building, contents and U. & O., it is estimated.

The loss is insured in stock companies. A youth confessed to setting the fire and also one at the Peerless Robe & Sportswear Co., 16 East 34th street, that did about \$5,000 damage to the building, insured in stock companies; \$75,000 to contents, insured in agency mutuals. U. & O. was covered by reciprocals.

French Reinsurer Names Miami Agent to Head U.S. Activities

Caisse Centrale de Reassurance of Paris, France, has begun operations in the U. S. and has appointed Gabor & Co. of Miami as U. S. managers.



Frank Gabor

Caisse Centrale writes a reinsurance business only. Charles A. Morehead of the Miami law firm of Morehead, Forrest, Gotthardt & Orr handled the establishment of the U. S. trust fund, with Miami Beach First National Bank acting as trustee.

Frank Gabor, the head of Gabor & Co. and a prominent figure in the last several years in the A. & H. business in Florida, said that Caisse Centrale will confine its operations to begin with to the southeastern states with special emphasis on Florida business, except that it will seek A. & H. reinsurance countrywide. Reinsurance lines to be handled will also include fire, wind, inland and ocean marine, burglary, aviation, and liability. Caisse Centrale has assets of more than \$25 million and does a reinsurance business in nearly all countries except those dominated by Russia.

Toensmeier Adjustment Is Opening Oil City Office

Toensmeier Adjustment Service of Philadelphia has opened a new office in the Kresge building at Oil City, Pa. The manager is John F. O'Hara, who has been with Toensmeier four years at Lancaster and before that was three years with American Auto.

James E. Keenan has been established as resident adjuster at 40 South Federal street, Chambersburg, Pa. He graduated from Syracuse law school and was with Employers Liability until 1951 when he went with Toensmeier at York, Pa.

Cal. Local Boards Elect

Officers elected by local associations in California include:

Alameda—President, Arthur S. Strehlow; vice-president, Blevin Neville; secretary, Herbert Justin.

Burbank—President, Gordon Campbell; vice-president, Ray E. Stolper; secretary, Elizabeth Reid; treasurer, Paul P. Brown, Jr.

Contra Costa—President, Ted Winslow; vice-president, Neil Cornwall; secretary, Margaret Caudel (reelected).

Long Beach—President, Jack Berbow; vice-president, Joseph P. Kesler; treasurer, Richard E. Barton.

Los Altos—Mountain View—President, Robert E. Edwards; vice-president, Virgil J. Wilson; secretary, Frank Mack.

Oakland—President, Roger Chickering; secretary, Paul Higgins.

Sacramento—President, Warren G. Bender; vice-president, Morris B. Rothholz; secretary, John L. Kingsbury.

Ventura—President, Thomas E. Laubacher, Oxnard; vice-president, Guy M. Turner, Camarillo; secretary, W. B. Lowe, Ventura.

Blue Cross-Shield Meeting

Just ahead of the big casualty meetings of companies and agents at White Sulphur Springs, W. Va., the National Assn. of Insurance Commissioners, committee on Blue Cross and Blue

Shield held a meeting there with Leslie of Pennsylvania, the chairman, in charge. On hand also were Pansing of Nebraska, Charles Dubuar and William Gould of New York and Ralph Alexander and John Skelton of Pennsylvania. Several commissioners looked in on the meeting and stayed for the casualty gathering. J. Ketchum, director of the Michigan Blue Shield, was on hand. The committee directed its attention chiefly to reserves.

Conference Underwriting Forum Topics Announced

H. & A. Underwriters Conference has scheduled its annual underwriting forum for Nov. 3-4 at Chicago. C. M. Barry, Ohio State Life, is chairman of this committee.

Topics to be taken up include trends and post-claim underwriting, coordination between claim and underwriting and agency and underwriting departments, field force training and the salesman's view, female and substandard risks, and selection of individual catastrophic coverage. There will be a case clinic.

This meeting will precede the annual gathering of Institute of Home Office Underwriters at Chicago Nov. 5-7.

Agency Course in Mich.

A two-day Agency Accounting Institute is being conducted this week at Detroit under the sponsorship of Macomb County Assn. of Insurance Agents with the cooperation of Michigan State College, Michigan Assn. of Insurance Agents, four local agents' associations, Michigan Fire Underwriters Assn., the Michigan department, Michigan state office for vocational education, Grand Rapids Casualty & Surety Underwriters Assn., Insurance Women of Detroit and Detroit Casualty & Surety Managers Assn. The courses are offered for office accountants or agents and wives who must understand and supervise an accounting system.

Inspect Wichita Schools

Wichita members of Kansas Fire Prevention Assn. are assisting in the inspection of all Wichita public and parochial schools during Fire Prevention Week by teaming up with uniformed firemen. Fire drills are held at each school, followed by an inspection of each building. Max Marshall, Phoenix of Hartford, vice-president, is in charge. About 10 large country schools adjacent to the city will also be visited.

G.A.B. Names Grant at Rutland

George C. Grant has been appointed manager at Rutland, Vt., for General Adjustment Bureau to succeed George R. Smith, who is returning to Boston as senior fire adjuster. Mr. Grant has been adjuster at Augusta and is a graduate of the University of Maine.

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Racketeer Influence Said to Be Rare in Union Group Cases

NEW YORK—In spite of lurid publicity linking union welfare funds with some of the nation's biggest racketeers, insurance executives who are familiar with union group cases say that actually there is extremely little that is questionable in this field. Most of the blame is put on high commissions paid to union officials or their stooges in order to get a controlled line of business. Where the commissions are kept moderate, there is said to be so little attraction for the racketeers that they don't get into the picture.

This doesn't mean that commissions may not find their way back to union leaders or the union itself, but that is not regarded as an evil by most of the realistically minded group executives. The commissions may go to an agency of which the stock is owned by the union's head.

"But," said one group man, "is that any worse than paying the commission to an employer's brother-in-law? Neither the union head nor the employer's brother-in-law do anything to earn the commission because these cases are far too complicated for them to be able to do anything but get in the way. Yet under the New York anti-rebate law a commission has to be paid to somebody."

"On the other hand, if we paid no commission we'd be competing with our own field forces and helping to break down the agency system. It may seem inconsistent to pay commissions to someone who hasn't earned them but it would be even worse to do something that would undermine the agency system."

C. E. Blake Retires After 34 Years with Travelers

C. Edwin Blake, assistant superintendent of the training, sales research and promotion division of the casualty, fidelity and surety agency department of Travelers, is retiring after more than 34 years service upon the advice of his physician. He has been a member of the faculty of the home office school since 1939.

Mr. Blake joined Travelers in 1919 and after training in the home office school was appointed special agent at Detroit. He returned to the school to head the casualty section and subsequently was appointed assistant manager at Hartford. He later served as manager at New Haven and Rochester, N. Y. In 1939, he rejoined the home office staff in his present post.

He was educated at Trinity College and was in teaching work for some years. During the first world war he served with the intelligence branch of the army and was stationed in Paris as a censor. He is an authority on whales and the whaling industry and an expert on the lore of the American Indian.

Edgett Leaves Buffalo Post

Kenneth W. Edgett has resigned as executive secretary of Buffalo Assn. of Fire Underwriters.

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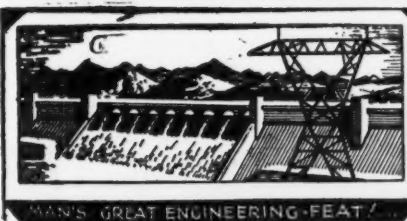
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Long and Lively Discussion of Auto Situation, Possible Solutions at NAIA

WASHINGTON — The automobile insurance business has grown like Topsy, Glenn J. May of Spencer, Ind., chairman of the panel on the rural and small lines agent and the auto insurance situation, which was one of the liveliest sessions of the National Assn. of Insurance Agents convention here, stated. He might have added, so have its problems, since for 2½ hours many agents from every corner of the country took a whack at what they thought was wrong with the business and/or how to solve it.

Several emphasized that in their agencies, on several months' renewals, the new classification plan of National Bureau of Casualty Underwriters does not produce a reduction in premium for anything like the more than 50% of insured the bureau advertised it would give lower rates. One agent said the plan produces a reduction for less than one in 10 of his insured.

Another mentioned one in 100.

James M. Cahill, secretary of the bureau and panel member, said the 50% figure was conservative.

Mr. May asked agents if they had taken inventory of the number of vehicles they are insuring today. They may be up in volume but down in policies. Who is getting the new business the local agent should be writing, how and why?

Specialty companies are getting the large increases, he said. Their rates are lower. Yet National Bureau companies contend that their rates are being established realistically and soundly on loss experience. But, he said, the question is raised, is the bureau setting rates incorrectly on classifications, e. g. hellions, and won't the public become aware that rates are not bottomed squarely on loss experience? If that happens, then won't the people take the matter to their

legislators? Perhaps insurance departments could solve the problem by requiring filings based on actual loss ratios. He hoped agents and companies could get together on a program which agents then would vigorously promote.

Other members of the panel were Barney W. Phelan, Versailles, O.; J. L. Bandy, Nashville; J. M. Bugbee, auto department manager of Maryland Casualty; Philip H. Viles, Claremore, Okla., and Kenneth A. Young, Blue Earth, Minn.

Mr. Phelan gave figures showing premiums for an auto insured in his community, less agent's commission. Grange Mutual Casualty charges for this insured \$31.90, Farm Bureau \$41.21, American Farmers Mutual \$48.55, Motorists Mutual \$58.65, Ohio conference companies \$61.18 and stock conference \$74.78. Thus without the agent's commission, stock conference companies charge twice as much as the company charging the least.

Mr. Cahill was a busy man at the NAIA convention. At the Glenn May session he referred to the grim losses of conference auto companies since the second world war, including 1952.

(CONTINUED ON PAGE 18)

Cheek to Resign as N. C. Commissioner

RALEIGH, N. C.—Commissioner Cheek is resigning, it has been learned from reliable sources, effective when Governor Umstead names a successor.

The governor has been somewhat slow and cautious in past appointments to major state offices, so that it may be some weeks before Mr. Cheek is relieved. There has been no indication who might be under consideration for the post.

Mr. Cheek, it is understood, is to become associated with insurance interests in the state. Although he has not officially confirmed the resignation, he said, in reply to a question, "I haven't resigned yet. I might at any time."

He was appointed commissioner in 1949, when W. P. Hodges resigned to join Continental Life as comptroller. He was elected in 1950 to the remainder of the term and in 1952 to a full four-year term. His successor must run in a general election next year for the final two years of this term.

State Capital Life made some tentative gestures toward Mr. Cheek about two years ago, but the move fell through and there has been no indication of any resumption of these negotiations.

Branum, Hutson Advanced at Lubbock by Travelers

Marshall D. Branum has been named manager of the casualty, fidelity and surety departments, and Lemuel G. Hutson, manager of the fire and marine departments in Travelers' new office at Lubbock, Tex.

Mr. Branum joined Travelers in 1941 as field supervisor, and after home office training was appointed



M. D. Branum



Lemuel G. Hutson

at Dallas. He was promoted to assistant manager there in 1949, and later that same year was transferred to Lubbock. He is an army veteran.

Mr. Hutson went with Travelers at Dallas in 1950 as special agent for fire and marine. He was named field supervisor in 1951, and later that same year went to Lubbock where he was promoted to assistant manager in 1952.

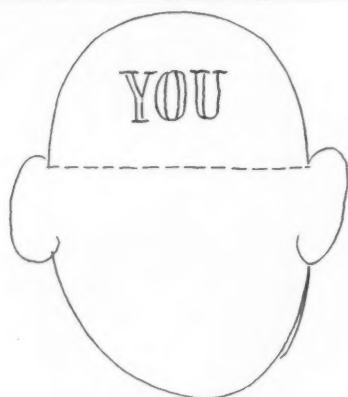
The new office will serve 79 Texas counties and four in New Mexico.

Forhan in New Post

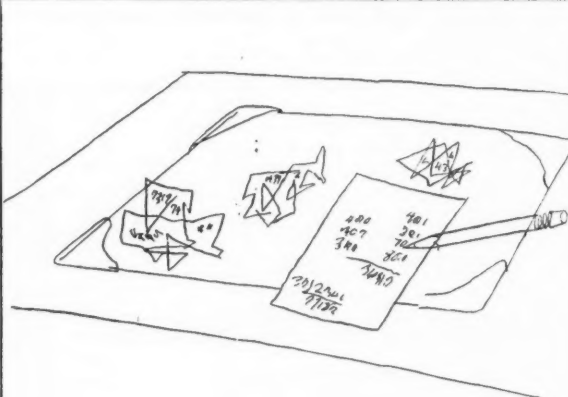
Continental Casualty has promoted Fred E. Forhan to Chicago branch office claim manager, succeeding George J. Domke, who died Sept. 13.

Mr. Forhan joined Continental at Chicago 10 years ago and has served as adjuster, legal supervisor and assistant claim manager. In 1950 he was named Pittsburgh claim manager, and early this year he returned to Chicago to become home office claim supervisor.

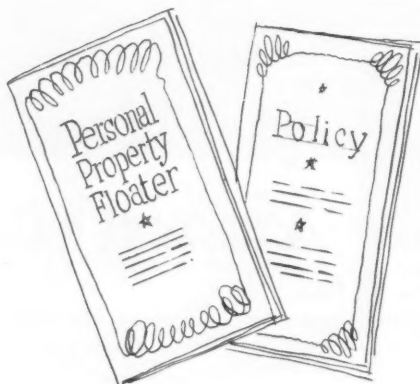
The State Farm companies have appointed Kenneth Renn and Glenn Heathcote as new district managers at St. Paul.



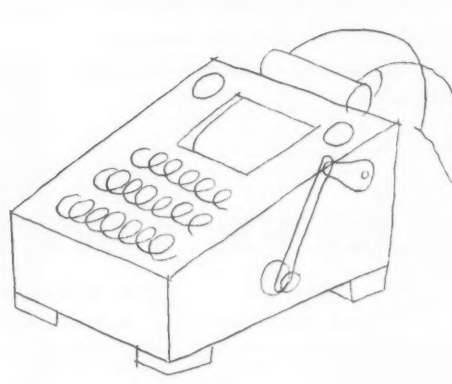
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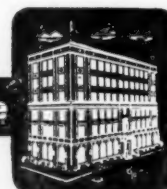
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Character in Claim Practices That Is Contagious for Good, Combs' Prescription

The claim policy of any company is no better than the will of the insurance



H. D. Combs

executives who control the policy, according to Hugh D. Combs, executive vice-president of U. S. F. & G., who addressed the annual meeting of New Hampshire Assn. of Insurance Agents at Portsmouth. This is true, he said, despite the fact that all insurance companies blithely assert that it is their practice to settle claims fairly.

Most insurers endeavor to deal fairly with the public and the agent, but unfortunately, he said, there still are some companies to which the English language has many variations of meaning. Thus interpretation which is favorable on small losses sometimes becomes stricter and less favorable when the loss is substantial. For example, there are still some companies which follow the "nefarious" practice of refusing to settle accident cases for more than \$3,500 on a \$5,000 policy or \$7,500 on a \$10,000 policy. Such bad faith, he said, can result in a compulsory payment of a sum greater than the policy limit and the general effect on all insurance is detrimental.

He said the insurance commissioners have become concerned about the reluctance of some companies to settle small PDL cases solely because they regard the amount involved as too small to warrant the claimants bringing lawsuits. He said a commissioner told him of the troubles he has faced with justified complaints against certain A.&H. companies. Occasionally, companies operating on a high level of integrity will make a mistake in judgment, but it is one thing to correct misguided over-zealous efforts and it is another thing to foster and encourage them. When a claim man is praised by his superior for sharp practices which may have saved some immediate dollars, he naturally continues those practices and in time increases them until they become his everyday policy. But if such tactics are immediately corrected by those in authority, the claim man's attitude will quickly change to one of fairness to all claimants and this will redound to the benefit of his own company and the industry. Character is contagious for good or evil.

Despite the will and desire of most insurers to settle all proper cases as quickly as possible the settlement of some is a difficult matter. Publication of large and sometimes exorbitant awards has had the effect of increasing the demands of all claimants and settlement costs are still rising. There are people who think that casualty insurance is a form of indemnity which pays for all accidents whether or not the insured is at fault.

Most claim men can readily determine the legal liability or non-liability of an insured for an accident given a certain set of facts. The difficulty arises in determining just what are the true facts. For example, there is rarely a case involving possible drunken driving where any person implicated admits he has had more than a couple of beers. Some insured that

understand that it is difficult to get insurance if they are accident prone violently assert their innocence and even demand that the insurer pay nothing in settlement of a case. The claim man will run into stories as divergent as the North and South Poles. Whom is the adjuster to believe? Frequently, and particularly if the claimant has

been seriously injured, the claim man will attempt to settle. He will assert the insured's freedom from negligence if that is a fact, but recognizing that a jury question is presented and that jurymen are human and sympathetic, he'll settle if he can possibly do so within a reasonable figure.

No matter how reasonable the amount which he pays seems to be to the adjuster, there are insured who will complain to their agents that the company is being overgenerous and remark that no wonder insurance rates are so high. However, such an insured

will quickly change his tune if he gets a notice that he has been sued for \$100,000 and has only \$10,000 coverage, and is offered the opportunity of retaining his own lawyer. Such insured frequently get angry if they have to spend a few days in court waiting to appear in the trial of their cases. The insured are likely to forget their previous assertions of innocence and request that the case be not settled and demand to know why the case wasn't settled anyhow.

No one really knows what the value is of a case and how much is the proper



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amount to be paid in settlement. Juries surprise both sides. An arm-off claim with no liability may be settled for \$1,500 or the same case taken to trial may bring a verdict of \$40,000. Some slight remark on either side may change the entire aspect.

Cont. on Galley R-

Every day the claim man is called on to appraise the value of real or fancied human suffering and to arrive at decision as to the proper amount to pay. The good claim man pursues his work in much the same impersonal fashion as a surgeon. He investigates thoroughly and carefully appraises the value of a case and conducts his negotiation with the claimant fairly and above board. Then he goes on to the next case knowing that he has dealt equitably throughout the day with all men. By settling his cases whenever he can, the claim man brings good will to the company and agent. By settling small cases he saves legal costs, loss of time and annoyance to the company and insured. By settling the large and serious cases he avoids catastrophic losses that are responsible for much bad publicity. The claim man needs the agent's help and encouragement and working together they are a team which helps the agent's business and brings credit to the industry.

A good agent should cheerfully make clear to the customer the conditions under which there is no coverage, before the occurrence of a loss. The business of being an agent is a full-time job, he said. That is why most insurers do not want unqualified agents. Inadequate or improper coverage causes ill-will and loss of confidence to the agent and company. The business of selling insurance is too broad and complicated a field for amateurs. It is too serious a matter for mail order or hand-me-down tactics. Specialty companies that pass out the same policy to everyone and then select as insured the cream of the crop and cancel off the rest do not serve the public or perform the proper functions of an agent. A man with financial responsibility should have all his insurance needs carefully surveyed by a competent agent. He should have all his cover where possible placed with one company. Then there could be no argument over conflicting coverages.

Two Lose N. Y. Licenses

Superintendent Bohlinger of New York has revoked the licenses of two Manhattan producers, Miss Augusta Emil and Alonso H. Bradley, for violating the insurance law.

It was held that Miss Emil had misappropriated moneys she had collected as an agent and broker and also that she had violated the section of the law which prohibits commingling of premiums.

Veto Osteopathic Payment

A proposed amendment to the St. Louis Blue Cross charter that would have given full hospitalization benefits to any policyholder using an osteopathic hospital was defeated at a directors' meeting. The CIO is pushing for full osteopathic benefits instead of the present limit of \$7 a day.

New Harleysville Branch

Harleysville Mutual Casualty has opened a new branch office at Charleston, W. Va., under the supervision of Robert L. Moore, district claims manager. Mr. Moore formerly operated his own independent adjusting service in the Charleston area.

Marine of London has changed its registration with the Ohio department from fire insurer to casualty insurer.

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Lloyds Pays \$700,000 Pure Oil Co. Loss

Something of the direct damage and liability hazards of the oil industry is shown by a claim recently settled for Pure Oil Co. approximating \$700,000 under a contract with London Lloyds through Stewart, Smith & Co.

The loss arose when a natural gas well drilled from an off-shore platform caught fire as it came into production. Five wells drilled from the same platform were already in operation when the conflagration started and for two weeks the blaze continued before it could be brought under control. Various extinguishing measures, including bombardment with a 75 mm. gun had failed before the fire was finally puffed out by the explosion of a charge of nitroglycerine lowered from a floating boom.

Program for Kansas Agents' Annual Meeting Announced

The annual meeting of Kansas Assn. of Insurance Agents at Wichita Oct. 19-20 will open with a "kickoff luncheon" and close with the president's ball.

Virgil Hill, Kansas highway department public relations director, is the "kickoff" speaker, other leading speakers including George L. Hampton, secretary of Phoenix of Hartford and former Kansas state agent, and Robert Maxwell of Texarkana, N.A.I.A. executive committeeman.

A panel that afternoon of Oct. 19 with B. J. Weldon of Dulane, Johnston & Priest as moderator will cover general insurance problems with L. A. Magill, Kansas Inspection Bureau; Russell R. Brown, Kansas department; Gordon Kellner, Aetna Casualty; George E. Erickson, New Hampshire, and Walter W. Rowse, Western Adjustment, as panel members.

The popular "farm writing breakfast" the second morning will be addressed by Joseph R. Cryan, America Fore, vice-president of Farm Underwriters Assn., with Alex Case, Marion, a past president of the Kansas agents, presiding. A dinner and floor show the first night is sponsored jointly by Central States Fire and the association. At the closing banquet Commissioner Sullivan of Kansas will install the new officers. Robert S. Charlton of Lawrence, the president-elect, will take over, succeeding W. L. Kline of Hutchinson. A reception precedes the banquet, with Kansas Fire Underwriters Assn. as host.

Marc L. Benjamin, president of the Wichita association, heads the host city committee and with Mayor Walt Keeler will give welcome addresses to which Mr. Charlton is to respond.

New Officers at Lafayette

Lafayette (Ind.) Assn. of Insurance Agents has elected M. H. Overton, Jr., president; William Blumer, vice-president; William Heath, secretary; Leo Lehman, treasurer; Lewis A. Linderman, retiring president, director-at-large.

Blair County Assn. Elects

Robert F. McDowell was elected president of Blair County Assn. of Fire & Casualty Agents at its annual meeting at Altoona, Pa. John R. Martin is retiring president.

Cal G. Griffith, Jr., is vice-president; James A. Yon, Jr., assistant secretary; Cal G. Griffith, 3rd, treasurer, and Robert F. McDowell, state director.

Verdict Against Hospital

ST. PAUL—Another reason for hospitals carrying liability insurance is contained in a decision of the Minn-

esota supreme court affirming a lower court verdict of \$20,000 against Northwestern Baptist Hospital Assn., owner and operator of Mounds Park hospital in St. Paul.

A six-year-old boy was severely burned when he fell into a pile of smoldering ashes on the hospital grounds. The burns resulted in permanent deformities. The high court ruled that the ashes constituted an "artificial condition involving unreasonable risks to children" and that the hospital failed to exercise reasonable care to exclude children from the hospital property.

Springfield Names Ashton New Educational Head

Ralph A. Ashton has been appointed director of education for Springfield F. & M. Arthur H. Clarke, who has been director of education as well as superintendent of the automobile department, has been relieved of most of his educational duties to devote more time to the expanding automobile underwriting operations.

Mr. Ashton joined Springfield in 1951 as a claims consultant. He has taught night courses at the Boston University school of insurance and Insur-

ance Institute of America courses at the Boston Insurance Library.

A new four-month, all-day study course will begin about Nov. 15 with Mr. Ashton in charge. The fourth such comprehensive study course run by the company, the new course will cover all classes of business now written by Springfield group.

Central Surety Names Armstrong

The Armstrong general agency, Seattle, has been appointed general agent in Washington for Central Surety's fire and automobile physical damage department.

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★ SATURDAY EVENING POST ★ LIFE ★ TIME ★
★ NATIONAL GEOGRAPHIC ★ NEWSWEEK ★ FORTUNE ★

Pence Joins Continental Cas.

J. Manley Pence has been appointed fidelity and surety manager of Continental Casualty at Philadelphia. He will supervise these lines for eastern Pennsylvania, south Jersey and Delaware. Except for three years in serv-

ice, his entire working career has been in the surety business with Standard Accident. For the last five years he has been manager of its Philadelphia uptown surety office.

Missouri Fire Prevention Assn. will inspect St. Clair Oct. 20.



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E. V. Mills, Fireman's Fund V. P., Retires

Edward V. Mills, vice-president of the Fireman's Fund group, retired from active service Oct. 1. He started his insurance career at San Francisco in 1911. He held various executive positions at New York and Philadelphia and joined Fireman's Fund group as secretary of the Fireman's Fund Indemnity in 1930. In 1931 he was elected secretary and treasurer of all companies in the group. He was advanced to controller in 1938 and to controller-treasurer in 1944. In 1947, he was made vice-president and controller. The next year he became director of Fireman's Fund Indemnity, Home Fire & Marine and Western National. Last year he relinquished his title of controller but continued in an advisory capacity.

Mr. Mills was one of the organizers and past president of the San Francisco chapter of Controllers Institute of America. He is a former director of the San Francisco Chamber of Commerce and in 1945 and 1949 was chairman of citizens committees which successfully sponsored bond issues for the San Francisco international airport and the water department. He is now vice-president and director of the Downtown Assn. He was one of the original commissioners appointed by the mayor in 1949 to serve on the then newly created San Francisco parking authority, and recently resigned that post because of his change in residence to Menlo Park.



Edward V. Mills

D. D. Smith Rounds Out 30 Years With National Council

Secretary D. D. Smith of National Council on Compensation Insurance has just observed his 30th anniversary with the National Council and received congratulations from General Manager Harry F. Richardson. Mr. Smith has been among 14 of the National Council people who have served 25 years or more and now joins the group of five who are in the 30-year club. He started with the National Council in its southeastern bureau in 1923. He joined the executive staff at the home office in 1935 and was promoted to secretary in 1945.

Mr. Smith is an expert on compensation underwriting matters, particularly having to do with special hazards. For many years he has supervised the operations of the coal mine regional committee and is one of the few insurance men in the country familiar with the ratemaking and underwriting problems connected with underground coal mining. He has also made a long-time study of the special problems surrounding the insurance of explosives and other chemical industry hazards.

Erie County Board Elects

Rodger Doerzbach has been elected president of Erie County Insurance Board, Sandusky, O., succeeding Roland P. Reutler.

Farmers of L. A. Eyes Atlantic

LOS ANGELES—Farmers Insurance Group of Los Angeles celebrated its 25th anniversary last week, and was host to 1,000 of its key representatives in 23 states.

Officials announced plans to extend the operations of the group clear to the Atlantic Coast. The representatives also

were informed they could include in their activities representation of Mid-Century Ins. Co., a multiple line insurer of Los Angeles, New World Life and Farmers American Auto Club.

Deviation Increase Denied

Commissioner Cheek of North Carolina has denied a petition of Utica Mutual Fire to increase its deviation on auto physical damage rates from 15 to 20%. The commissioner said the company's experience failed to justify a greater deviation. He approved a continuance of the 15%.

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Governor Insures

The so-called convention insurance was highly elevated was Maun represented pervised very care to the co gram was panel we service v way or a ness. An announce Kane, wh head of defense c given a g men spo was a m in writin shut off

Mr. K assistance with De problem assistance more an and Ma of South of N.A.I. Kane sp I. C. co twice in of work of life i 30 ques Each own ins some p each, b special speciali After t gram v insuran adviser point o nating ance c practic a cent policy separat the siz

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Government Men Freely Answer Myriad of Insurance Questions at N.A.I.A. Meet

The so-called government forum at the convention of N.A.I.A. at Washington that occupied an entire morning was highly successful and the most highly elated person on this account was Maurice Herndon, the Washington representative of N.A.I.A. He had supervised putting this program together very carefully and its success was due to the concern with which the program was organized. Featured on the panel were seven men in government service whose work impinges in one way or another on the insurance business. And then there was the unannounced appearance of Thomas L. Kane, who retired not so long ago as head of the insurance division of the defense department and Mr. Kane was given a great ovation. The government men spoke succinctly and then there was a myriad of questions submitted in writing. The proceedings had to be shut off while there were still about

Mr. Kane voiced appreciation for the assistance of the agents in connection with Defense Department insurance problems. He spoke especially of the assistance of Guy T. Warfield of Baltimore and Ralph Howe of Richmond, and Maurice Herndon. D. D. Murphy of South Carolina, who is president of N.A.I.C., was in the room and Mr. Kane spoke of the fact that the N. A. I. C. committee went to Washington twice in connection with the problem of working out a solution to the sale of life insurance on military posts. 30 questions in the pot.

Each branch of the services has its own insurance unit, he said. There are some problems that are common to each, but there are others that need special handling by the insurance specialists of a particular branch. After the Korean outbreak, the program was fixed to establish a single insurance department with a set of advisers. This was to be a central point of contact in the way of coordinating the efforts of the three insurance divisions, their policies and practices. It was a test of whether such a central organization could make policy without intruding on the three separate units and without increasing the size of the staff.

So successful was this operation, he said, that it has been singled out as an example of what should be done elsewhere. The attitude towards insurance, he said, has improved greatly in Washington. This is partly due to the present administration. Mr. Kane said that he suggested the termination of the single insurance setup when the objectives had been accomplished, but he and the advisory group are standing by in case of further need.

Mr. Kane went on to ask for more sympathetic public attitude towards federal employees. He said there is too much carping at them. They are the objects of threadbare jokes and cartoons. He said it must be remembered that the federal government is the world's largest organization. By railing at the federal employee he is kept off balance and his confidence is whittled away. Particularly offensive is the characterization of a public employee as a man with his hand in the public trough. This kind of thing tends to keep desirable men away from federal employment. It is common practice to be a giant killer at conventions, for instance, by sounding warnings and calling for action to arrest allegedly evil practices in gov-

ernment. This is often unjustified. It undermines morale. It takes patience and perseverance to stand up under this kind of attack. Government service, he said, is not easy but it is worthwhile and most of the employees are willing, friendly and competent if given the chance.

He said there is a warm humanity

that characterizes the insurance people and he said that if they must be critics and indulge in ridicule, at least they should use discrimination.

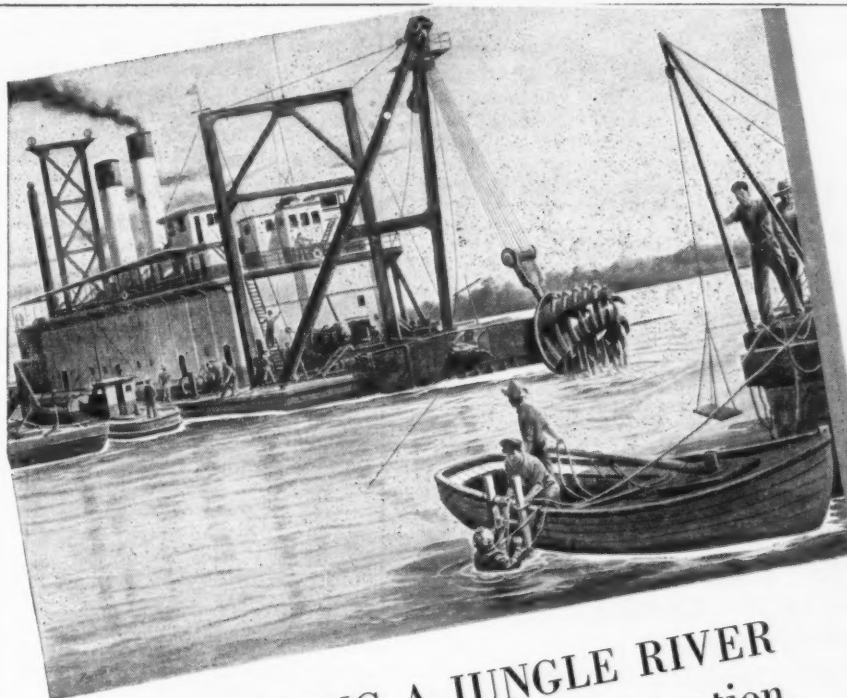
E. M. Saunders, insurance specialist of Rural Electrification Administration, said there are 1,020 REA institutions and they develop \$5 million in premiums. There is 36% of this business that is handled through local agents; the rest goes to the mutuals and state funds.

Also there is premium now being developed through contractors that are

getting into the rural telephone field. REA has made 116 loans to telephone cooperatives and 107 to commercial companies. There are in the mill applications for that many additional projects. In the telephone program, 72% of the business goes to local agents.

He said that the rural boards are price conscious and the agent has to be prepared to give a good sales talk on the value of his service. He does have the advantage of the fact that he is on the ground. It is up to

(CONTINUED ON PAGE 16)



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TWENTY-FOUR AMERICAN CAPITAL STOCK FIRE, MARINE AND CASUALTY
INSURANCE COMPANIES PROVIDING INSURANCE PROTECTION IN FOREIGN LANDS

Burns to Pacific Employers

William A. Burns, former special agent for Founders, has been appointed fire special agent of Pacific Employers for the Sacramento valley in California. He succeeds the late Chester E. Barr, Sr. Mr. Burns has covered

the territory for a number of years including service with Zurich and Swett & Crawford with headquarters at Sacramento.

Myron C. Hadley of Danville, Ind., has been named claims manager at Indianapolis of Liberty Mutual.

Health Council Reports Progress at N. Y. Parley

Health Insurance Council at its fall meeting at New York noted favorable progress in its program among doctor and hospital groups. Charles A. Siegfried, Metropolitan Life, chairman of the hospital insurance committee, reported that continuing effort is being made in hospital relations projects, and mentioned the efforts to obtain uniform claim reporting forms for group and individual hospital coverages.

The individual hospital plan at Columbus is working to the satisfaction of the hospitals as well as the companies and policyholders, it was reported.

Prepaid plans developed by state medical societies in Wisconsin, Tennessee, Georgia and Rhode Island, are going well, according to Wendell Millman, New York Life, chairman of the prepaid plan committee. He said the Tennessee plan has more than 500,000 persons enrolled.

The newest council committee, that on information and publications, has completed the draft of a "hand-book" on A. & H. insurance. J. W. Scherr, Jr., Inter-Ocean, is chairman of this group.

Ralph T. Heller, Prudential, chairman of the council, presided at the meeting.

Results of Conn. Study of Company Organization Told

Results of a four-months study of fire and casualty company organization were discussed Tuesday by members of the Connecticut C.P.C.U. chapter at a dinner meeting at Plainville.

Panelists include Chairman B. J. Daenzer, assistant secretary Security-Connecticut; H. J. Doolittle, engineering consultant Aetna; Richard E. Farrer, secretary National Fire; Donald W. Ross, assistant secretary Phoenix-Connecticut; Ronald M. Streeter, Hartford Accident, and Donald E. Walker, assistant secretary Phoenix-Connecticut.

Thirty of the top 60 premium-writing organizations were surveyed in respect to functions, responsibilities and line of authority of major departments and committees. Announcement of the findings will be released following a report to the companies participating in the project.

Company organization is one phase of a year's study by the chapter of the new demands being placed on the insurance business as a result of multiple-line operations.

Ill. O.K.s Marine Definition

The Illinois department has adopted the commissioners' new marine definition, effective Oct. 1. In his bulletin to companies advising this action, Director Barrett indicated that Illinois will go along 100% with the N.A.I.C. recommendations.

Tex. Commissioner Problem

The death of George B. Butler, who was life insurance commissioner of Texas and vice-president of N.A.I.C., has now brought the political spotlight also on the office of the Texas fire insurance commissioner. Paul H. Brown, who holds that office, has been in a coma since he suffered a stroke last February. In view of the fact that one of the insurance commission posts has to be filled because of death particular attention has been directed to Paul Brown's problem. Mr. Brown is in McCloskey hospital at Temple. The attorney general's office has done some preliminary research on the matter and it is reported that indications are

that unless Mr. Brown regains consciousness and resigns voluntarily, he can be removed only by impeachment. They decided it was doubtful whether Mrs. Brown could resign for him. The appointing power in Texas apparently may not remove an appointee that is named for a fixed term. His term does not expire until Feb. 10, 1955.

W. Va. Women Gather

Insurance Women of Wheeling, W. Va., held a regional meeting at Oglebay Park there, attended by insurance women from Charleston, Huntington, Parkersburg, Morgantown, etc. It was the first get together of the West Virginia clubs and lasted the entire week end. Mabel Shawl of Fidelity & Deposit, Baltimore, regional director of the national association attended.

Tom J. Neff of Wheeling provided one part of the program with a showing of movies.

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Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

Character of Bureaus Changes and More Companies Weigh Independence

The rating bureaus today are becoming more flexible than they used to be. This is partly because of the all-industry laws. It is also partly due to greater competitive pressures under which member companies are operating.

Rating bureaus are, like the trade associations in the business, having their problems too. New strains are testing them. Not only are circumstances changed; the character of rating bureaus is not the same.

In one instance, members of a rating bureau were prevented by court action from bidding on a large piece of fire business while an individual insurer made its bid and captured the premiums. There have been several instances of companies acting independently in certain areas or on certain lines, although the parent companies are members of bureaus and as such pledged by majority rule not to take such action.

In the fire field deviation by a small insurer, or a relatively small group of insurers that operate in different ways than agency stock companies, is traditional and does little to alter the balance in the business. But the deviation of large agency companies, individually or in groups, is a different matter. The deviation by one or two important companies can effect a change for the entire business. For example, deviation by a couple of companies reporting on form A in New York made it immediately necessary for all companies to go to use of A for more than one location. The vigorous competitive moves of North America are keeping the membership of Inland Marine Insurance Bureau on the move. What Allstate does in the dwelling and household fire and allied coverages field will set pace in that area. More and more the pace is being set by those with different prices and forms to the point where the question frequently asked these days in humor can be said to have a good deal of sharpness: Who is setting the pattern and pace, the organizations or the non-organization people?

The rating bureaus are no longer exclusively adjuncts to organizations that represent only a part of the business and are governed by that part exclusively for its own benefit, but they are increasingly semi-public institutions representing all insurers. For some insurance departments on some lines they act as official statistical agents. The bureaus probably never will pass wholly from the control of the insurers, but that control is less exclusively responsive to its member companies than it was.

The view long has been current in the fire business that it is local in

many fundamental respects. And so it is. But the idea here also is that if fire rating and coverage are nationalized and become the function of one organization it will be easier for the federal government to step in and take over. However, division of the business into units that are too small has its weaknesses; they are already divided and are easier to conquer. Widely scattered, small rating organizations are subject to constant pressure. Deviation is easier, although that seems to be easy enough everywhere today.

Perhaps the solution here would be a national advisory organization, guiding local rate-making bureaus. The national organization could provide expert rate and research advice in addition to being a clearing house for local problems.

A favorite topic in recent years has

been to point out the decline in percentage of total casualty business done by members of National Bureau of Casualty Underwriters. This certainly has happened and it may be true that this percentage now is such that bureau members represent a minority interest in the total casualty volume.

However, the fire people live in a glass house on this point. Organization fire companies are losing headway and may lose more for several reasons including entry of Allstate into the field.

If there had been anything like a normal growth in number of automobiles with no marked change in rates and if there had not been in addition the spread of financial responsibility laws, a comparison of this kind might be significant.

But the real test lies ahead, with premiums leveling off, the sales of automobiles dropping back to normal, and the effects of adoption of FR laws by most states absorbed.

Much of the talk of secession, the informal examination of going it alone and the attendant problems and dangers

(CONTINUED ON PAGE 23)



"IS THIS WHERE I MAKE A CLAIM?
I WAS WAITING FOR A BUS AND A
DOG BIT ME IN THE SAFETY ZONE."

Okla. Agents Co-Sponsor Rural Fire Safety Parley

The first rural fire protection conference, co-sponsored by Oklahoma Assn. of Insurance Agents, is scheduled for Oct. 13 at Oklahoma A. & M. College, Stillwater.

Other sponsors include Oklahoma A. & M., Oklahoma Fire Chiefs Assn. and the governor's special fire committee. Purpose of the conference is to analyze the status of rural fire protection in Oklahoma and suggest improvements. The various federal departments connected with rural agencies have been invited to attend the one day affair.

James O. Whelchel, president of O.A.I.A., will open the program.

Talking Fire Alarm Box

The fire prevention committee of Wichita Assn. of Insurance Agents is manning a "Talking Fire Alarm Box" during Fire Prevention Week at one of the busy downtown intersections. Through a hidden mike in a nearby clothing store, fire safety suggestions and precautions flow continuously from the fire alarm box. Wichita agents were all invited to participate in the "Call On Your Fire Chief Day" Oct. 6, a project of the fire prevention committee of N.A.I.A. In former years only the board officers had participated. The films, "Stop Fires—Save Jobs" and "Crusaders Against Fire," were shown at the Oct. 8 luncheon at which Ewing B. Fergus, Kansas Inspection Bureau, reviewed the new Kansas EC \$50 deductible and other rule book changes.

Convention Dates

- Oct. 11-14, Federation of Mutual Fire Companies, annual, San Francisco.
- Oct. 11-15, Natl. Assn. of Mutual Insurance Companies, annual, San Francisco.
- Oct. 12-14, Ohio Agents, annual, Toledo, Seagraves hotel.
- Oct. 12-14, National Assn. of Mutual Insurance Agents, annual, La Salle hotel, Chicago.
- Oct. 13, Insurance Federation of Minnesota, St. Paul Hotel, St. Paul.
- Oct. 14, Connecticut Agents, annual, Hotel Bond, Hartford.
- Oct. 14-16, Insurance Accountants Assn., annual conference and business show, Bellevue-Stratford hotel, Philadelphia.
- Oct. 18-20, Kansas Agents, annual, Broadview hotel, Wichita.
- Oct. 19, Rhode Island Agents, annual, Sheraton-Biltmore hotel, Providence.
- Oct. 19-21, Wisconsin Agents, annual, Schroeder hotel, Milwaukee.
- Oct. 19-21, S.E.U.A., semi-annual, Pinehurst, N. C.
- Oct. 19-21, Western Underwriters Assn., White Sulphur Springs, W. Va.
- Oct. 19-23, National Safety Congress and Exposition, National Safety Council, annual, Chicago.
- Oct. 20-21, Massachusetts Agents, annual, Sheraton Plaza hotel, Boston.
- Oct. 23-23, Tennessee Agents, annual, Patten hotel, Chattanooga.
- Oct. 25-27, Arizona Agents, annual, Westward-Ho hotel, Phoenix.
- Oct. 26-27, Missouri Agents, annual, Hotel President, Kansas City.
- Oct. 29-30, Nebraska Assn. of Insurance Agents, Hotel Fontenelle, Omaha.
- Nov. 2-4, California Agents, annual, Biltmore hotel, Los Angeles.
- Nov. 3, Insurance Federation of Illinois, luncheon, Palmer House.
- Nov. 4-5, Maryland Agents, Lord Baltimore Hotel, Baltimore.



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Government Men Freely Answer Questions at NAIA

(CONTINUED FROM PAGE 13)

him to demonstrate to the local people that he can save money for them, for instance by visiting the warehouses and premises and keeping in close touch.

Earl H. Nikkel, chief sales management division of Federal Crop Insurance Corp., told the story of the ups and downs of FCIC. Since 1948, he said the program has been on a much sounder and more limited basis, and the premiums have been exceeding the indemnities. He said the program is not sound in strictly insurance terms, meaning that the premiums do not cover the expenses as well as the indemnities, but he said the first aim was to try to balance the premiums with indemnities. Now, he said, probably the program has moved to the stage where it will be feasible to try to get it on a more completely self-sustaining basis. This has to be done gradually. The insurance coverage is limited to the cost of producing the crop and usually only for a proportion of the costs. All unavoidable hazards are covered. Premiums are established on the basis of loss expectancy. There is no guide from the insurance business to go on. FCIC covers only part of what a man has spent on the crop and that he predicted is as far as the government will ever go. "We take hold," he said, "when his yield drops somewhere below his investment."

Earl L. Milkwick, director insurance branch, public housing administration, said in connection with construction loans, PHA requires fire and EC, OL&T excluding PDL, WC, auto BI and PDL, burglary and inside robbery, outside robbery, steam boiler and fidelity.

In the early stages, he said, they found that the insurance cost was almost prohibitive. For instance there was a \$52 million blanket cover with a premium for three-year term of \$181,000. Under the stimulus of Nathan Straus, the insurance market was further explored. New York brokers were secured that brought proposals to cancel the \$181,000 premium deal and to replace it with a mutual three-year contract for premiums of \$48,000. More far-reaching than that was the fact that this same rate schedule became available for \$800 million of additional projects. The same kind of results were obtained in general liability.

PHA now permits local housing authorities to negotiate for insurance provided the cost is within the range of the cost of responsible insurers. A 20% range is what is accepted. He said Maurice Herndon had a big part in bringing this about. Fire and EC is wanted, written blanket without coinsurance or pro rata distribution. In some states he said coinsurance is required with blanket insurance.

In Texas, he said, where mutual insurance was not permissible, good results were obtained from bidding. They elicited deviation filings with the result that there was a 40% reduction last year in the cost of the insurance.

W. H. Thomas, attorney-advisor of Federal Trade Commission, told something about the work of his office. This was mainly in the nature of a history of FTC. He was careful not to get far afield insofar as insurance was concerned.

There was a question asked as to

whether PHA favors mutuals to the detriment of stock companies. Mr. Milkwick replied that PHA doesn't discriminate. For instance in connection with war housing, PHA has taken back mortgages and has a deal with Stock Company Assn. on this. Public

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liability cover on PHA is with stock companies. And the boiler business has been with stock companies 9 out of 12 years.

There was a question whether REA will approve the 3-D policy. Mr. Saunders replied that this is not required but that if the locals want to buy it, REA will be glad to see them have it. "We are heartily in favor of it," he said.

There was a question asked about whether there is any possibility of private insurance getting into the all risk crop insurance field. Mr. Nikkel said that at one time this was tried but not successfully. He was undoubtedly referring to the experiment years ago of Hartford Fire. Private insurance, he said, recognizes that the exploration has to be done by government. FCIC has tried to get private companies interested, but so far with no luck. He said that eventually he expects that private companies will be in the field, but he doubts they will get into it very far until they have exhausted more profitable fields of insurance. He said he thinks that eventually the government experience will point the way.

Another question was why does the army restrict its limits of liability coverage to 50/100. Leroy Harff, chief, contract insurance branch, office of chief of finance, department of the army, said there has to be a limit set somewhere. The question is where are you going to stop, and he mentioned the Texas City case in the same breath. The army determines upon certain limits that are wanted in order to get the services of private insurance "which we want badly."

The question was asked whether local agents are selling federal crop insurance. Mr. Nikkel said yes and increasing numbers are doing this. However, most of the local people work through committees; he said he expects an increasing number of insurance men to become appointed as crop insurance solicitors.

The question was asked whether a local housing authority has ever been penalized by reason of coinsurance and Mr. Milkwick said yes, that in a Virginia project an explosion demolished five units. The loss was \$52,000, but they could collect only \$28,500, and hence these units have never been replaced.

The question was asked how the army selects agents and companies. Mr. Harff said the agent has to use his own ingenuity and operate through regular procedures. He has to make his own contact with the contractors, under normal commercial practice. There is no use to approach the army direct. All the army does is to retain the right to disapprove something.

On the question of whether REA requires competitive bidding, Mr. Saunders said no, and he doesn't recommend this.

The statement was put into the record that the 40% saving on housing risks in Dallas was gotten by Dallas placement board. This was not a deviation filing, according to this statement. On this point, Mr. Milkwick noted that the Texas department promulgates the rate, but it was found that deviations were possible and the Dallas placement board took the ball and was instrumental in getting action. This, Mr. Milkwick said, shows what can be accomplished by militant action.

In answer to a question, Mr. Saunders expressed the belief that the

telephone program will not produce premiums comparable to those of REA. For one thing, the rates are much lower on telephone properties.

To the question of why Employers of Wausau gets so much REA business, Mr. Saunders replied that REA's have their own association, that is located in New Hampshire avenue in the District of Columbia. They have made some arrangements through the Wausau company and they write as much through the association as they can.

In answer to another question, Mr. Harff said his office has no jurisdiction in connection with the army exchange service.

In answer to the question of whether REA will approve comprehensive liability insurance, Mr. Saunders said REA would like to see all the locals carry this and would appreciate if the agents would push it.

There was a question of "red tape" on research projects of sub-contractors, such as colleges. R. E. Shetley, head insurance branch, office of navy material, department of the navy, said there had been some problems where the prime contractor is on a cost

reimbursement basis. The prime contractor passes along some of his own ideas and some colleges don't carry insurance, relying on their own immunity. Problems arise where the contractor attempts to pass along the contractual assumption of risk. The navy doesn't allow that, he said. In answer to another question, Mr. Saunders said about 98% of the REA business is placed locally.

In answer to a question, Mr. Nikkel said the appropriation for FCIC administration this year is \$7,300,000. The lowest amount was \$4 million. FCIC has never used all of its appropriation, however.

Charles Laidlaw, who was recently appointed manager of FCIC, was in the audience and was introduced. He is going on to the convention of National Assn. of Mutual Insurance Companies at San Francisco and will look in on a new grandchild at Seattle.

Get Transcontinental in Cal.

Richards & Co. of San Francisco have been appointed general agents for California of Transcontinental of the National Fire group.

Await Unveiling of Ariz. Code Recommendations

Robert D. Williams, Seattle attorney who has been engaged to draft a proposed insurance code for Arizona, expects to be in that state Oct. 25. Most of the sections of the code, it is expected, he will have ready by that time. He will be on the program of Arizona Assn. of Insurance Agents, which meets Oct. 26-27. The Arizona legislature meets every year, and hence the code measure will go into the hopper early in 1954, it is expected.

There is a lot of sentiment developing in favor of establishing a separate state insurance department in Arizona instead of having the present bobtailed arrangement whereunder insurance supervision is simply a division of Arizona corporation commission. The proposal is likely to be for a new independent department for both insurance and banking. There would be a commissioner of banks and insurance to replace the existing superintendent of banks and director of the corporation commissions insurance bureau.

The hearing that had been scheduled for Oct. 12 before the senate insurance committee on complaints about insurance practices has been called off.

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Lively Discussion of Auto. Possible Solutions at NAIA

(CONTINUED FROM PAGE 8)

In individual areas the market is still tight. A fantastic number of insured are going into assigned risk plans. Yet 1953 is showing better results.

Bureau companies realize they are faced with a worsening book of auto insured, he said. They know that better categories of business are going elsewhere. The problem has been to have the business pay its own way. Those insurers are faced with a terrible dilemma. The competitive picture gets worse every day but because of past losses and a loss ratio that currently is only beginning to improve, they have not been willing to lower rates to get business.

It is acknowledged, he said, that low rates attract the best risks, over a period of time.

There was need for a classification plan under which risks would be priced so that they would be taken by the companies. If insurers keep refining and rejecting the poorer risks there is the danger of compulsory and state funds, he declared.

The bureau companies believe the refined classification plan is the best possible protection against adverse selection and provides the best opportunity to improve underwriting results and get lower rate levels.

The bureau is giving serious consideration to a system of merit rating in lieu of or in addition to the classification plan, he said. He thinks a plan of this kind would have the purpose of applying substantial penalties to risks that have demonstrated they are accident prone. Bureau companies are asked to take a high percentage of this kind of risk for accommodation reasons. Many think the time has come to apply substantial penalties, that it is time these risks paid their own way.

The reduction of the cost of producing and processing policies, a necessity if they are to be competitive with specialty insurers, also is under study by bureau companies, he said. Being reviewed are possible savings via renewal certificates or a permanent policy, eliminating non-essential information such as description of car, curtailing the free insurance evil that has grown up with the practice of not getting the money when the policy goes into effect, etc. These matters will be discussed by companies and producers Oct. 14-15 in New York. National Automobile Underwriters Assn. will be represented since the problem is a common one now that most policies are full cover.

In the future, Mr. Cahill is sure, there will be a higher degree of cooperation between National Bureau and NAUA than in the past on such things as territories, classifications, effective date of rate revisions, etc.

There has been some use of auto business as a loss leader to corral more profitable business. In rate making, he pointed out, each line must stand on its own feet, and one line should not be made to carry another.

With the study of ways of reducing costs of producing and processing policies, the companies also now are paying attention to their merchandising problems. Many companies have concentrated development of agencies in the big and medium size cities and neglected the smaller communities and

rural areas. The companies now realize that there is good business in the latter places and are likely to extend agency development to them.

In recent years automobile has been so large in volume that development of business country over by these companies has been neglected. Now that the financial responsibility laws have exerted their effects in most of the states, companies recognize they have to go after business, reach the potential buyers of insurance. They can do it only by having far flung and capable agencies.

Agents have urged credit in the rate for young drivers who complete driver training courses. The bureau never has seen any concrete, statistically reliable proof that such credit was deserved, Mr. Cahill said.

Class 2 business has not paid its own way, the rates have been hopelessly inadequate to pay for losses. The new Class 2 breakdown is an attempt to correct this.

However, in Virginia there is now under way an extensive study to determine accurately if there is a difference in experience between course graduates and others. The insurance problem is that the worst risks in class 2 are not the younger drivers, 16 to 17, but the older, 21 to 24, apparently because past 21 they get away from parental control. He said he was much impressed by beneficial effect on young drivers of the point system in New Jersey.

The bureau intends to press its public relations work, particularly in connection with rate changes. It will get the news to agents so that they can get the proper editorial attention in their states. The bureau is quite willing to take on this extra work, he said.

Addison Fowler of Baltimore wondered about using a limited policy to recoup business going to specialty companies, say a named driver to cover. There is extensive family use of the car that is not reflected in the rate.

Young drivers, he suggested, are being driven into the specialty companies and will be lost to the bureau companies for the future.

Mr. Cahill said there has been no consideration of a limited policy, the pressure for years has been for a broader one. At one time the Virginia agents wanted a deluxe policy at a higher price. He doubted if a limited contract would work under FR laws. The talk today is of broader medical payments coverage, covering unsatisfied judgments, of high excess limits cover though experience here has been worsening, of a single limit which will give broader cover to many insured.

There has been pressure on the bureau to convert to a six-months policy, he said, but to date the companies have been unwilling because of the tremendous amount of work. They simply haven't the help and can't get it.

In response to a question by Mr. Phelan, Mr. Cahill said most of the statistics brought out so far on young drivers are nonsensical, but the Virginia study, expensive and extensive, may produce some reliable facts. In Virginia, he noted, most of the students in driver education courses are girls.

Mr. Bandy said the NAIA casualty committee, of which he has been chairman, have been getting requests for a policy as broad as competitors use.

The idea of keeping hold of young

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Constructing at 1440 W. in Atlanta department Ocean Arcis story building style and the Peachtree Massell corp structure by Commerce about 23,000 will be com

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STATEMENT OF AND CIRCULAR CONGRESS OF THE ACTS OF (Title 39, United National Underwriters, Ill., for Oct. 1,

1. The names managing editor Publisher, Editor, None Managing Editor Business Mail 2. The owner name and address hereunder or owning or holding of stock, if no and addresses given. If owned rated firm, its each individual.

The National Cincinnati; John schede, Trustee Wright, Trustee Cartwright, Evan Ohio; Levering Cartwright, Evan, Ill.; Less Richmond, Upper worth, Chicago

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Commercial Union to Have Southern Home Office

Construction has started on a building at 1440 West Peachtree street, N. W. in Atlanta to house the southern department of Commercial Union and Ocean Accident. This will be a two-story building in southern architectural style and there will be a 20-year lease. Peachtree Investment, Inc., a Ben J. Massell corporation, is putting up the structure to be occupied under lease by Commercial Union. There will be about 23,000 feet of floor space and it will be completely air-conditioned.

drivers because they are the adult drivers of tomorrow came up several times. Mr. Cahill suggested that something for this purpose may come out of the merit rating study being conducted.

Mr. Young noted that only 10% of the total auto business in Minnesota in 1952 was written by stock conference insurers. He wondered if companies could insure the driver. Mr. Bugbee said the average private passenger car doesn't produce a claim more than once in 10 years. If that happened to be a minor collision loss, would the insured be willing to take a surcharge? There is too much thinking that the fellows causing the losses are having accidents every year. They aren't. If they were, they would likely be in assigned risks plans.

Donald E. Bowen of Kalamazoo objected to the reference in the new classification story in the Wall Street Journal to "giants like Travelers, etc." He suggested there isn't good representation, in conferences of agents with bureau, of those who know the difficulties of the average agency.

Mr. Cahill said the wire services distorted the classification story and that next time the bureau wouldn't give out a national story but gear it to the individual press. Let the insurance press get the story as best they can, he commented.

Mr. Bugbee said the unsatisfied judgment cover as an addition to the regular auto contract would not achieve the result desired, of getting insured to drop the ideal that all

should be insured, in other words compulsory.

Lewis McDonnell of Memphis asked if any effort has been made to require specialty companies to prove up their rate filings as bureau companies have to. What about a new program to catch the specialty companies off balance? Maybe rate the car and extra drivers too.

The specialty companies have a much easier time getting rates approved, Mr. Cahill said. There is nowhere near the scrutiny of their data that there is with bureau filings.

Cahill said no.

Mr. Bugbee disagreed. The matter was discussed and if the child is living in the household the mother would qualify for a lower rate.

Is this condoning sin?

"We don't condone it," Mr. Bugbee replied, "but we have to live with it."

George C. Howard, Jr., of Washington, D. C. asked what is going to be done for the relief of agents in respect to collision, where specialty companies are 25% cheaper. Mr. Bugbee noted application of the old bureau 1, 2, 3 classification to collision. Mr. Howard said he didn't think that would help get any of the cream business back.

He said Mr. McDonnell's idea should be jotted down for reference of insuring the car at a basic premium, \$25, say, and then splitting the other \$25 between the two spouses with charges for other drivers.

Was the new classification based on experience or judgment?

Considerable underwriting judgment Mr. Cahill said, augmented by such information as the bureau had.

An agent reported that the salty editor of his paper wondered, editorially, if a woman with an illegitimate child would get a better rate. Mr. specialty companies all to hell, he said.

The leak in the bag of the bureau companies is in the loss departments, one agent commented. Mr. Phelan replied that agents are largely responsible. They sell a garage liability policy and funnel business to the garage owner; the repair man works on a bonus, the agent's companies are hooked more than regular customers.

Charles H. Joyner of Washington, D. C. asked why the bureau doesn't cut off mutuals from statistics developed by the bureau. Mr. Cahill said members are stock companies only but state rate laws uniformly require the services of any licensed rating organization be made available to any licensed company. Bureau manuals are available to anyone who wants to buy them. Rates are determined on combined experience of member and subscriber companies.

Several agents expressed the sentiment that many agents have been taking orders too long, they must go back to selling. A huge number of car owners today never have been solicited by the local agent, they have gone to the place advertising price savings to buy their auto insurance.

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1. The names and address of the publisher, editor, managing editor, and business managers are:
Publisher, The National Underwriter Co., Chicago, Ill.
Editor, None.
Managing Editor, Levering Cartwright, Evanston, Ill.
Business Manager, R. J. O'Brien, Chicago, Ill.

2. The owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual member, must be given.)
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5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above was: (This information is required from daily, weekly, semiweekly, and triweekly newspapers only.) 15,965.

R. J. O'Brien.
Sworn to and subscribed before me this 30th day of September, 1953.
H. E. LISTUG.
(Seal)
My commission expires Aug. 18, 1957.

Two Veteran Field Men of Central Mutual Retire

Two veteran field men of Central Mutual of Ohio have retired under the company pension plan.

W. C. Finney, Newark, O., has traveled Ohio for Central since 1921. He joined the company when it reinsured Security Mutual Automobile of Youngstown, O. As one of the first special agents representing a mutual in Ohio, Ohio Assn. of Mutual Insurance Agents is presenting him a bronze plaque. He will operate a local agency at Newark.

S. C. Roper, special agent for southern California, was retired in advance

of maximum retirement age at his own request due to ill health. He has traveled for Central since 1934. Previously he had been treasurer of Palmetto Fire and South Carolina state agent of Rhode Island. With Central he served as special agent in South Carolina and manager at Atlanta and Denver before going to southern California. He will operate an agency at Fallbrook which he started when he moved to California.

Lamont H. Heidinger, special agent of National Board, Chicago, spoke on "Arson in the St. Louis Area" at a luncheon meeting of the St. Louis Insured Members' Conference.

Wants All N. C. Deviations to Expire at Same Time

Fred Chambers, fire actuary of the North Carolina department, has proposed that all rate deviations expire simultaneously on Sept. 1. This would make it necessary for the companies to file their loss experience at least 60 days beforehand, he said. Several companies already have notified him they can supply the necessary data that far ahead each year. No one has objected so far.

Rate deviations are reviewed annually in North Carolina. Each company now has its own expiration date. A common date, Mr. Chambers

said, would "make it easier both for the bureau and for us to keep track of these rates."

Insurers with approved rate deviations in the state are American Drug-gists Fire, American Fire & Casualty, Church Fire, Farm Bureau Mutual Auto, Home Mutual Fire, Reciprocal Exchange, State Farm Fire, State Farm Mutual Auto, Vigilant, Utica Fire, All-state and Farm Bureau Mutual Fire. The last named has just filed a 10% deviation, which has been approved as of Dec. 1.

Twenty-three members of Missouri Fire Prevention Assn. inspected Lebanon.

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Mich. Department Holds Second Training Institute

LANSING—With the exception of several of the examiners, the entire personnel of the Michigan department attended the second department training institute for two days recently.

Spalding Southall, assistant general manager of National Assn. of Independent Insurers and former Kentucky commissioner, was principal speaker. He remarked that the "overburden of governmental work now carried by the insurance business is enormous," piling up costs for the companies. Slow decisions and slow actions by the departments can enormously add to the burden, he said.

Other talks were given by Robert J. Roach, office manager of Michigan Hospital Service (Blue Cross), on "Criss-Cross Management," and by Commissioner Navarre of Michigan. Marvin Schroeder, department personnel director, served as moderator.

Bishop Secretaries' Head

Local board secretaries held several meetings during the annual convention of National Assn. of Insurance Agents in Washington, and J. H. Bishop, Jr., of the Cleveland Board was reelected chairman. Discussions dealt largely with services the boards can render members, services that have already proved their merit in one or more boards. Financing also was discussed.



J. H. Bishop, Jr.

W. C. Litigation on Decline

Attorney Joseph A. Londrigan of Springfield was the speaker at the opening meeting of the season of Adjusters Assn. of Central Illinois. He

said court litigation under the workmen's compensation law has shrunk from several hundred cases a month in days gone by to less than 10 cases now. The next meeting will be Oct. 19 at Decatur with Dr. W. E. Requarth of that place, speaking on medical problems in industry. James M. Griffin is the new president of the association.

Only One Deferred Premium Plan Under N. C. Proposal

North Carolina Fire Insurance Rating Bureau has proposed to discontinue the annual renewal plan for fire insurance and to modify the installment premium payment plan so a policyholder could take advantage of rate reductions during the life of the policy. Commissioner Cheek has scheduled a public hearing for Oct. 12.

The bureau said in its filing that, if approved, these changes will have the following effect:

"1. There will be only one approved plan for deferred premium payments instead of two as at present.

"2. The insuring public will benefit by having available all of the advantages which either plan has at present."

The additional paragraph proposed for the installment premium payment plan would read as follows:

"Optional method—In case of policies written for a term more than one year, it is permissible to make the adjustment on the first anniversary date of the policy following the effective date of the rate change, in which case the adjustment may be calculated on a pro rata basis as at the anniversary date of the policy."

At present, the rate under the annual renewal plan is subject to the fluctuations of annual rate filings. On the other hand, the base rate of the installment premium payment plan remains the same as when the policy was issued.

Mr. Cheek appeared to be concerned over the fact the proposal would make it optional with the policyholder whether he would allow the rate to be adjusted annually. This, he thought, would result in the owner of the policy taking advantage of rate reductions but not being subject to rate increases.

Hartford Promotes Three

Hartford Accident has made a number of changes in the field and in the agents' service department.

Bernard J. McMahon, who has been special agent in Rhode Island and eastern Connecticut, has been transferred to Barre, Vt., as special agent in charge there. He is succeeded in the field by Daniel R. Willard, who has been supervising underwriter in the automobile section of the agents' service department.

Harold C. Hartling succeeds Mr. Willard as supervising automobile underwriter.

\$382,000 Loss at Saginaw

A \$382,000 insurance loss is expected from the fire at Saginaw, Mich., that originated in the rear of the warehouse occupied by Baker Perkins, Inc., and then caused damage to three other insured. The total loss is estimated at \$427,000.

The Perkins firm had a loss total to insurance of \$340,000, with the building owned by Howard J. Doss, suffering a \$60,000 loss. It was insured for \$25,000. The James Vernon Co., ginger ale manufacturers, had a stock and building loss totaling \$15,000, covered by \$27,000 of insurance. Jack D. Barker, an occupant in one of the buildings suffered a \$2,000 loss to office fixtures that was adequately insured.

Western Adjustment is the principal adjuster on these claims, with R. F. Irvine, deputy regional supervisor, and B. J. Moore, Saginaw manager, co-adjusters.

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Insurance Director Pansing of Nebraska has approved a workmen's compensation rate adjustment which

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Bureaus Change While Companies Weigh Freedom

(CONTINUED FROM PAGE 15)

gers of doing so has related to rating bureaus. This talk, incidentally, has come chiefly from medium sized, non-largest insurers. What can be seen here is a certain flexing of muscles, an urge on the part of the individual company to establish and seek objectives of its own making in ways of its own choosing, or a restiveness at the necessity of abiding by the pace of the most cautious, and finally, to a degree, a drifting in the direction of independence under competitive hammering.

The conclusion of many of these companies (so far) is that they don't want to go independent, but that if they decided to do so, they could manage the shift and handle their business satisfactorily thereafter. They don't want to do so because fundamentally they recognize the need for order and standard that organizations maintain, and they would like to continue as members of policy and rate-making bodies.

It represents quite an alteration in the business to have insurers that have been staunchly organization for so many generations even to have studied the possibility of going independent. This in itself establishes a new note in the tone of the business and will have to be reckoned with in the making of important decisions in the future.

It is suggested that if a company goes independent it won't have enough data to support filings. However, this danger is questionable. Not many insurance departments have big enough staffs to give such data thorough testing. Most commissioners will admit that the time they want to see a lot of data is when rates are being increased.

The non-member company must carry its own risks or find new reinsurance facilities among kindred independent spirits—or in the professional reinsurance market. But this is no problem for an insurer, with the reinsurers looking for business and most insurers today keeping larger lines in order to swell premium income.

The costs of going independent are more of a real problem, of making filings and arguing them before insurance departments. Probably some of these companies, if they took the plunge, would not go the whole way to independence; they would become subscribers and deviate. Thus they would keep tied to the experience figures of a large group of companies, even if they didn't know what these figures were—they are not always furnished to member companies except on request. As subscribers they would probably deviate on price, perhaps less frequently on form. Some companies may of course go completely independent.

Somewhere along the line the commissioners, if the situation got bad enough, would have to face their obligation of making rates reasonably adequate, of living up to the intent of the all-industry rating bills that competition is okay but within limits.

The farther a company goes on its own, the more completely it becomes a special facility for the agent. How much does this mean in the way of extra work for the agent? If an agent has one such company in his agency, out of six, it probably is not much of

a problem. But what if he has three, or four, or five with different coverages for the same insurance subject?

In regard to all organizations in the business, one generalization that seems safe is that they (and their principals) need more information. The more information the less likelihood there is of majority and minority viewpoints. Probably it can be said, too, that in these times of change and strain there should be a large measure of personal tolerance in men to whom the business looks for leadership. Men of large affairs might be supposed to develop a large tolerance, but this is not always the case, and this is no time for men who because of their position have leadership placed on their shoulders but who make whimsical decisions.

If those in a position of leadership don't lead, then organizations are going to have less and less influence on the business. More and more companies will find other than organization ways of solving their problems.

Organization stock fire companies 25 years ago did about 68% of all stock and mutual fire business, and about 75% of the stock company fire business. Today these figures are roughly 56% and 66%, about a 10-point decline in each comparison. Organization casualty companies 25 years ago did about 40% of all stock and mutual casualty business and 44% of all stock company volume; today these figures are 33 and 47%. The percentages for both fire and casualty, significant with multiple line underwriting, were 56 and 62%, are 44 and 57%.

Much is made of the rise in position of the non-organization, free-wheeling specialty and/or mutual company. For example, a comparison of auto BI and PDL writings of four of the leading agency stock companies and four of the specialty insurers shows that the eight in 1935 wrote 23.4% of all such writings, and that in 1952 they wrote 31.8% of the total for these lines. In 1935 the four specialty companies, Allstate, Farm Bureau, Liberty Mutual and State Farm, wrote 6.9% of the total; in 1952 they wrote 16.1%. The four agency stock companies, Aetna Casualty, Hartford Accident and the two Travelers, however, wrote 16.5% of the total in 1935 and 15.7% in 1952.

These figures bear out the success of the specializing company (Liberty Mutual's position declined a fraction 1935 to 1952) but also testify to the competitive holding power of the large agency stock insurers. It is true that Allstate went from .4% of the total to 5.2% and Farm Bureau from .8% to 3.3%, but neither had much volume in 1935; and in the intervening period the dollar volume of all eight companies burgeoned tremendously.

The period covered was marked by abnormal increases in automobiles and in auto insurance rates. The surge of dollar volume from 1945 to 1952 gave every company with an unlocked door a chance to get about as much premiums as it could digest. Allstate's 1952 writings of auto BI and PDL, \$81 million, are almost 10 times those of 1945, and Travelers combined, almost five times.

Bowerman to Ohio Farmers

Robert W. Bowerman has been appointed adjuster for Ohio Farmers companies in Michigan. He has wide experience in adjustment work.

He will be located at Flint, under the supervision of Thad Troy, state agent.

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Auto Blues Don't Spoil Fun at White Sulphur

(CONTINUED FROM PAGE 1)

within reach. A program to accomplish this has been plotted.

Instead of getting hysterical about competition and being defeatist about accidents, why not get at the job of reducing rates by saving lives?

The compulsory bugaboo can be met by reducing accidents and enlightening the public with the true story of compulsory. The business has had years to enlighten the public and has not done it. Instead it compromises with principle and submits to further state regulation to create a fund out of which to pay dollars to the relatively few innocent victims of uninsured motorists.

Is a business dedicated to freeing all other business enterprise from worry of disaster rapidly losing its own freedom and its ability to meet

controlling traffic accidents. There would have to be an aroused public opinion to bring effective political action, and the aim of the insurance business should be to arouse public opinion to a full understanding of the enormity of the problem.

He urged insurance people to go to the legislatures with a program of real action and give fullest publicity to what is being proposed. Among other things, he advocated a maximum 50-mile per hour speed limit everywhere, and the employment of enough traffic policemen to assure the arrest of violators. Reinstatement of suspended or revoked driving privileges should be forbidden and political interference with police and court duty should be classified as a crime. Safe driver education should be required of every high school student and in order to get anywhere in this direction, he said, we must step out of "molds of the past" and take the initiative to organize public support. Assn. of Casualty & Surety Companies has been driving toward that goal in the last year or two, but even more aggressive action is needed.

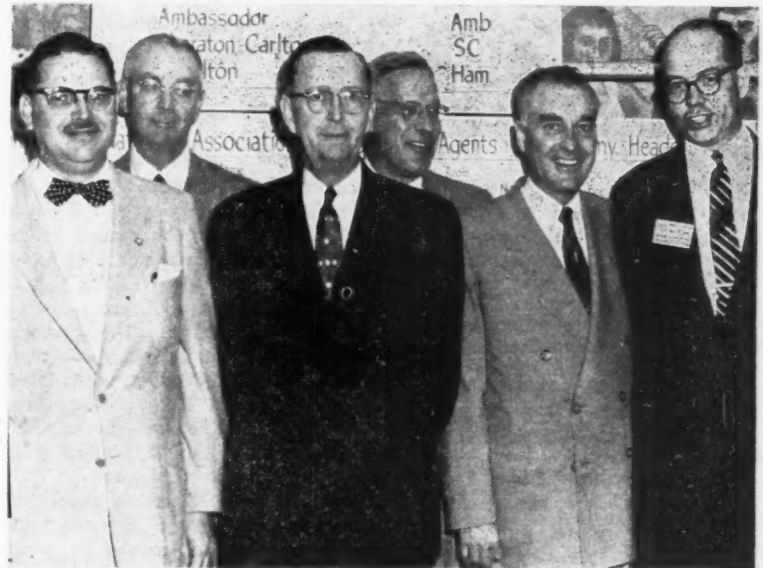
Against the charge that this would "put everybody in jail", Mr. Jackson said he believes real traffic enforcement would result in fewer people going to jail because when motorists know the government means business, most of them will obey the law.

The President's conferences on highway safety began ably and nobly seven years ago, he said, but have long since bogged down in technicalities, interminable talk and promises of a tomorrow that always manages to remain farther and farther away. Mr. Jackson was chairman of the committee on safety organization and a member of the executive committee of President Truman's conferences. He said he hopes the plans of President Eisenhower to take energetic steps to promote highway safety bring more effective results. What is needed is a program ear-marked for today, one of realism instead of theories, a program of action instead of words, and one that is forthright, hard-hitting and courageous.

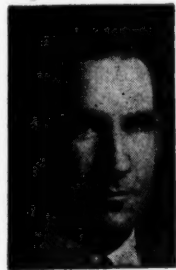
One proposal for meeting the pressure for compulsory auto was exhibited to casualty agents at White Sulphur, to test sentiment. It is the effort of the subcommittee of the all-industry committee on MV accidents, which is wrestling with the problem of producing a program in New York in time to head off the demand of the state administration for compulsory.

This is a development of the "insure the uninsured" idea, much discussed recently. Companies would write coverage to indemnify insured and household members in case they are unable to collect valid claims against uninsured motorists, limits 10, 20 and 5 with a \$300 deductible.

Workmen's compensation insured are excluded from the cover, as is spouse, parent or child of person causing ac-



At N.A.I.A. convention: L. A. McIntyre, Springfield F. & M., Chicago; S. R. Howard, North British & Mercantile, Philadelphia; Herman Winter, America Fore, Chicago; Levering Cartwright, National Underwriter, Nick Dekker, America Fore, N. Y., and George Whitford, Fire Association, Philadelphia.



T. W. Earls



Lyle McKown

intelligently the changing needs of expanding business and industry? He noted the move to use uniform accounting in rate making. This as a basis for determining what and in what amount every factor of expense and profit should comprise the whole rate leads to frightening speculation as to possible impact on the freedom of this business and the prerogatives of its management.

The American agency system and stock companies form an indivisible partnership, he said, and it is gratifying to find in recent months evidence of a willingness and desire to get together in joint and frank discussion of these problems. But not enough has been done.

There was a meeting of some of the officers and members of National Assn. of Surety Bond Producers during the convention with Speed Warner of Kansas City, president, and H. Phelps Smith, executive director, in charge.

The entertainment was plentiful but comme il faut. Several companies were hosts at cocktail hours, including General Re, North America, Aetna Casualty and Standard Accident, and others, including Home, Seaboard Surety, Chubb & Son, maintained informal headquarters.

A number of commissioners were on hand, including Murphy of S. C., Bohlinger of New York, Navarre of Michigan, Taylor of Oregon, Mahoney of Maine, Pansing of Nebraska, Leggett of Missouri, Allyn of Connecticut, Gaffney of New Jersey, Leslie of Pennsylvania, Jackson of Maryland.

Minimum penalties of a year's suspension of driving privileges for all speeders and reckless and drunken drivers convicted of first offenses, with permanent revocation and a prison sentence for third offenders were advocated by Mr. Jackson in his presidential message. He urged the casualty industry to promote a strong five-point program in the cause of highway safety. Mr. Jackson charged that the government is not doing its duty in



A. Melville Cox, Washington, D. C. agent, and Wilson Mainster and J. B. McEachern of Leonhart & Co., Baltimore, at NAIA convention.

cident and guest occupant of car owned or operated by person causing accident.

The cover wouldn't be available to anyone with a car, or members of his household, which isn't insured for liability. Premium would be a percentage of the premium for basic New York limits with \$1 minimum.

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written any of the uninsured cover or not, in ratio to auto casualty writings.

The casualty agents reelected Paul Sisk of Tulsa, a vice-president and J. Edward Cochran, Hagerstown, Md., was made a vice-president. Robert E. Stitt, Chicago, secretary, and Alice M. Foy, Chicago, treasurer, were reelected.

The company group named H. P. Stellwagen, Indemnity of North America, vice-president, and C. G. Hallowell, Aetna Casualty, to the executive committee. J. Dewey Dorsett continues as secretary and George D. Mead, Glens Falls, as chairman of the executive committee.

EDITORIAL COMMENT

"Buzz Sessions" to the Rescue

The "buzz session" plan that was tried out with great success at the recent meeting of the Million Dollar Round Table, a life insurance agents meeting, should find wide application in the insurance business. Essentially it is a plan for meeting the problem of getting group participation on an informal basis even when the gathering is far too large to permit satisfactory discussion via the catch-as-catch-can type forum that works well for small groups.

When there are more than 500 persons assembled, as there were at the M.D.R.T. meeting, there is bound to be trouble when it comes time for questions and answers or any kind of discussion from the floor. Even with the best intentions, it is pretty hard for every individual to restrict himself to asking questions that are of interest to any large portion of the group. Unluckily, the more aggressive questioners seem to be those with questions of interest to few but themselves.

Then too, there is the questioner who seems less interested in getting his question answered by the experts on the panel than in answering it himself. And finally there is the small but obnoxious minority who get on their feet mainly to show their technical mastery of some phase of the subject. As a consequence, they make their comments so abstruse that few in the audience are capable of following them or are even interested in doing so.

The buzz session plan, developed by some of the foremost experts in getting people to participate in informal conferences, divides the group into units of six to 10 persons. Each unit elects a spokesman. The plan was used at the M.D.R.T. meeting to facilitate the

formulation of questions that would be of the widest interest to the entire gathering. But the same plan can be used to promote discussion even when no questions are to be asked. This is done by assigning a different discussion topic to each unit. The members of the unit talk it over, pool their ideas, and then the leader, when called on, gets up and gives a short talk. Sometimes these reports may be made at a later session so as to allow more time for the units to confer.

Buzz sessions, of course, cannot be the exact equivalent of a round table discussion with only 20 or 30 participants, any more than a representative form of government is the precise counterpart of a New England town meeting. Yet the buzz session technique appears to have great merit as a reasonably satisfactory answer to the pressing problem of getting any decent degree of participation with ever-growing audiences.

Moreover, they have advantages that help offset the lack of informal give-and-take that is possible in a small group. The small group does a thorough job of picking the brains of its participants, but the larger group has many more brains to pick. The larger group should be productive of many times the number good ideas that a small group can produce—and also vastly more chaff. The buzz session plan is a workable means of separating the valuable ideas from the junk. Insurance being perhaps the "meeting-est" business there is, the buzz session principle should logically find wider and more valuable applications in the insurance industry than in any other line of work.

Should Have No Fixed Limit

A man should not attempt to place a fixed boundary which will mark the extent of his possible achievements. Once he begins to put a limit on his powers he circumscribes the possibili-

ties of accomplishment. A man can draw on his reserve force and under stress of will can forge ahead far beyond what he may have thought had been his limit.

PERSONAL SIDE OF THE BUSINESS

Winner of the set of Syracuse china given by Excelsior at the convention of National Assn. of Insurance Agents was **Sidney E. Nelson** local agent at Racine, Wis.

William A. Browne, Des Moines manager of Maryland Casualty, is ex-

pected to be able to return to his office next week. He has been away about two months due to a heart condition.

Mrs. E. W. Cragin, wife of a Las Vegas, Nev., insurance agent was the winner this year of the oil painting of

"The Covered Wagon." This is a painting of the famous trade-mark of Springfield F. & M. The award was made at the N.A.I.A. convention at Washington. Springfield has been keeping a register of guests at its headquarters at N.A.I.A. conventions since 1933, when it instituted the custom of awarding an oil painting.

O. Robert Jones, new southeastern

manager for the National Underwriter Co., now is located in his headquarters at 432 Hurt building, Atlanta, Ga. Before taking over his new position, Mr. Jones spent some time in the National Underwriter home office at Cincinnati. His background includes both sales and insurance experience. For the last few years he has been a service representative and claim examiner at Atlanta for Zurich.



O. Robert Jones

Arnott R. Folsom, president of Pioneer Ins. Co., life and A. & H. insurer, has been elected a director of National Bank of Commerce of Lincoln, Neb. He has succeeded the late E. C. Folsom in both posts.

Wade Martin, Louisiana commissioner, attended the first part of the N.A.I.A. convention at Washington, but left in the early stages to go to Texas for the funeral of George B. Butler, the life insurance commissioner of Texas. Ben Franklin of the Louisiana department took in the N.A.I.A. convention. Another department man on hand was Tom Elmore of Florida.

Eight California couples that were enroute to the N.A.I.A. convention at Washington were involved in a little railroad ticket mishap that ended surprisingly well. These travelers had tickets on to New York and the conductor on the B.&O. had picked up their ducats with the purpose of returning the passage good from Washington to New York before they got off the train. He was examining this batch of tickets in a vestibule of a car near Pittsburgh, and the whole batch blew away from him. This, of course, caused quite a commotion and the Californians were contacted at Washington by B.&O. representatives to get the matter straightened out. However, before they left the city their tickets were returned to them in their pristine authenticity because railroad detectives had recovered all of them along the right of way.

Guy T. Warfield, Jr., of the Dorsey & Warfield agency, Baltimore, a past president of N.A.I.A., was accompanied to the Washington convention of the agents association by his son, Guy

T. Warfield, III. The young man completed training at the Aetna Casualty school recently and is now at the Dorsey & Warfield agency. He previously had served as a first lieutenant in the air force stationed in the Philippine Islands. He is a graduate of Cornell as is his father. The latter will enter Union Memorial hospital at Baltimore in a few days for an operation for which he has been preparing for some time.

An innovation at the N.A.I.A. convention at Washington was the presentation of a prize, in behalf of Prudential. The winner was **L. D. Engberg** of St. Paul. The prize was a set of hand-some luggage.

Ray Murphy, general counsel of Assn. of Casualty & Surety Companies, has been selected as the 1953 winner of the General Insurance Brokers' Gold Medal Award for rendering the "most meritorious service" to the insurance industry. The presentation of the medal award will take place at the dinner of G.I.B.A. Oct. 28 at New York.

B. J. Krautkramer, 47, Green Bay, Wis., local agent was critically injured in a traffic accident near Dykesville, Wis., and is in serious condition at St. Vincent Hospital. His wife was killed.

Kenneth L. Nehring of Tucson, who is state national director of Arizona Assn. of Insurance Agents, was taken to Georgetown hospital at Washington during the N.A.I.A. convention with a heart attack. He responded well to treatment and the outlook is favorable. He was under doctor's care for about two days with a virus infection before he was taken to the hospital. He has a brother, Arnold Nehring, at Washington and his son Arthur Nehring is attending the Maryland Casualty school after having completed his term of military service, so that he is being well looked after.

L. A. Magill, assistant manager of Kansas Inspection Bureau, Topeka, is recuperating at Vail Hospital there following a severe attack of kidney stones.

Sakae Suzuke, president of American International Underwriters Japan, has been awarded the degree of doctor of commercial science at Nippon university for his book on the practice of marine insurance and general average. He was chairman of Tokyo Fire & Marine before joining A.I.U.

R. M. Cunningham, vice-president of Marsh & McLennan, Chicago, is in Billings hospital there, with a bout of virus pneumonia.

Murphy Des Moines Head

Ray Murphy, Jr., of the Max Holmes agency has been elected president of Des Moines Assn. of Insurance Agents. **Ted Flynn** was named secretary.

The NATIONAL UNDERWRITER

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CIRCULATION OFFICE:
420 E. Fourth St., Cincinnati 2, Ohio

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DEATHS

JOHN C. BAGBY, who was for many years Chicago manager of Commercial Union and who since his retirement from that position in 1948, had been a broker with the Critchell, Miller agency of Chicago, died unexpectedly at his home at River Forest, Ill., at the age of 69. He had been at the Critchell, Miller office just the day before. In his earlier days, he had been with the old agency of Munger, Vokoun, Wetmore & Witherbee and had also been with America Fore. He went with Commercial Union in 1926 in the Cook county department when Commercial Union had a western department at Chicago. When that department was taken up in 1928, Mr. Bagby was named manager of the Chicago office and continued in that position until his retirement.

FREDERICK H. SISSON, 72, veteran local agent at Buffalo, died suddenly. He joined the George M. Woodcock agency there about 30 years ago. He and Mrs. Sisson have operated that agency since 1941.

JAMES MOYLES, retired fidelity and surety manager for the Pacific Coast department of Hartford Accident at San Francisco, a position he held for many years, died there. Prior to that association he had been an active figure with other companies and a long-time member of Northern California Surety Underwriters Assn., in which he took a leading part for years.

HARRY SOLON, 69, with Hooper-Holmes in New York about 30 years and previously in the surety field in that area, died.

W. C. EGBERT, vice-president of Insurance Adjusters, Inc., died at Baltimore. He had been ill two months.

MRS. NETTA HADLEY, wife of J. Lynton Hadley, London, died recently after a long illness. Mr. Hadley is the son of Sir Joseph Hadley of Joseph Hadley & Son, Lloyds underwriters, King William Street House, Arthur street, London EC 4. J. Lynton Hadley spends about six months of every 24 in the United States and Canada.

MARSHALL MELLOR, 57, formerly state agent of Home in Kentucky, who was retired by the company in 1952 due to illness, died of a heart attack at his home at Louisville.

Mr. Mellor, a veteran of the first world war, was with Hartford Fire

for nine years in Wisconsin, Tennessee and Kentucky. He left Hartford to become office manager of the Edward J. Miller & Co. agency at Louisville and then went with National Liberty about 1929, later succeeding the late Lee Upton as state agent for Home. He was Kentucky manager of Home when he was placed on the inactive list.

EDWARD A. GNAU, 70, veteran Louisville local agent, died of a heart attack at his home there. He had been in the local agency business for 50 years, and was formerly active in Louisville Board of Insurance Agents.

GEORGE C. PFEIFFER, treasurer of the Fisher-Brown agency of Pensacola, Fla., died at Sacred Heart hospital. He had been an F-B man 30 years.

GEORGE E. KRAUSE, 64, general agent for Mutual Benefit H. & A. and United Benefit Life at La Crosse, Wis., died there following a short illness.

GEORGE T. MAGILL, who died Monday night at the Springfield (Mass.) hospital following an illness of six months, was secretary of Springfield Fire & Marine in charge of its Middle Department. His age was 50. He joined Springfield in 1940 as superintendent of its fire underwriting department in its New York City branch. In 1946 he was elected resident secretary at New York. In 1951, he was elected secretary and was transferred to the head office. He was born at New York and attended Westminster College at Fulton, Mo. Prior to his connection with Springfield, he was with Home.

GUY D. ATKISSON, 72, formerly general agent of Maryland Casualty at Louisville for many years, who had been retired and living at Miami for 2½ years, died there. Burial was at Louisville.

ROBERT WECHSELBERG, 71, for the last 34 years state agent for Milwaukee Mechanics in Wisconsin and upper Michigan, died at Milwaukee after a long illness. He joined the company in 1898 and traveled in New York state and several midwestern states before going to the Wisconsin field.

ARTHUR J. LIEBEL, 57, Erie, Pa., local agent, died of a heart attack. He was district agent of Fidelity & Casualty for more than 30 years.

MRS. RUTH M. SCHACHTSCHNEIDER, 54, manager of the insurance department of United Federal Savings & Loan Assn., Milwaukee, died after a long illness.

Fireman's Fund office at Columbus, O., has been moved to 3736 North High street.

A. & H. Bureau Speakers Cover Wide Range

(CONTINUED FROM PAGE 2)

"Study Outline of A. & H. Insurance" that was published by Life Office Management Assn. He joined New York Life in 1950 as assistant vice-president and has been in charge of its A. & H. department since 1951, when it was organized.

J. F. Follmann, Jr., bureau general manager, in his report at the final session said that seven companies have joined the bureau this year. He noted that the bureau has an increasing number of demands on it for information both from individuals and from organizations.

With A. & H. coming into the limelight and the special attention being paid to the economics of financing medical care, the bureau has formed an advisory committee on the subject. This is an area in which companies writing A. & H. are having to become increasingly interested, Mr. Follmann remarked. "Certainly a great many outside the insurance business are interested—interested to the extent of expensive and exhaustive studies of, and often critical of, writers of A. & H. insurance." He mentioned as examples: The President's Commission on Health Needs of the Nation, politicians seeking office, Health Information Foundation, commission on financing hospital care, veterans administration, subcommittee on health of the U. S. Senate committee on labor and welfare, and the House investigation of health and the cost of insurance protection.

Mr. Hauschild, in his report as outgoing chairman, mentioned some of the bureau activities and emphasized the growth in the number of committees. One of these new committees is charged with developing a public relations program, and Mr. Hauschild commented, "If ever there was a time in the history of the A. & H. business when good public relations are needed, it is now." A. & H. is beset with enemies sniping at the record, claiming that the business is not doing a good job, he said. Most of this criticism cannot be justified, but just as in crime, the news value builds up and publicizes an offense. Mr. Hauschild urged the bureau and its members to sponsor and conduct a campaign of education, saying the lack of a good public relations program has probably hurt the business more than anything else in recent years. An uninformed public is apt to accept the only thing given it to digest, he said. Legislators and the public need to see the other

side of the picture.

Clarence J. Myers, president of New York Life, in addressing the opening session, declared that opportunities for further progress in the A. & H. business lie in five main areas—training of agents, public relations in handling claims, broadening coverage, cutting expenses, and developing a formal public relations program.

Agents need only a moderate amount of training in order to sell a satisfactory volume of A. & H., but Mr. Myers said they need much more training to sell in a manner that lays a sound foundation for future sales. Policy provisions are not easy for the buyer to understand, and misunderstandings can easily lead to disappointments. These accumulate, resentment is built up, damaging the reputation of the company and the whole insurance business.

A portion of each dollar spent on selecting and training field men should, therefore, be regarded as an investment that will yield future dividends in public acceptance and good will, he said. "We need agents more than just salesmen. We need agents that make sure that their clients get just what they need and understand what they get."

Another area of opportunity is in avoiding mishandling of claims. Mr. Myers went on. Benefits are conditional on a host of circumstances which impose a great responsibility on the claims department. The department has to be staffed with competent personnel who recognize the importance of a public-relations function.

Another chance for progress lies in broadening the scope of protection in the policies. There has been much criticism on this score, mostly based on misunderstanding of the practical problems involved, but Mr. Myers said the companies perhaps have not been as clear as they should about their objective. Not only should the objective be made clear, but it should be as broad as possible.

"The A. & H. business cannot retain the public's confidence with policies that seem to the public to be full of tricky exceptions, exclusions, limitations, waivers and loopholes," he said.

In a business where less than half of premium dollar goes back to the policy-holders, Mr. Myers said there is a great exposure to criticism. Some progress has been made by means of deductible clauses, waiting periods and other devices to eliminate nuisance claims and some feel that it is impractical to go further in this direction. However, when an objective appears urgent enough, practicality is often

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Kaukauna, Wisc.

JOHN RYERSON
Special Agent
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Milwaukee, Wisc.

We invite Agency inquiries in Illinois—Indiana—Iowa—Minnesota—Wisconsin. Certain territories for Agency representation

found to be a relative matter, and inventiveness is stimulated, he said.

FINANCING MEDICAL CARE

An excellent paper on "The Evolving Concept of Financing Medical Care" was delivered by Stefan Hansen of Great-West Life, who said the American concept has already in large measure, and still is, evolving toward voluntary medical care insurance in place of any form of national health insurance, although this trend will not continue unless the new basic concept of financing itself evolves through better forms.

Through intelligent tax relief on employer payments for medical care insurance, the government has given practical and effective financial assistance to the insurance companies, and this has made a positive contribution to the remarkable growth of medical care in the U. S. and Canada, Mr. Hansen said. He went on to remark that this type of support is a wiser and better approach than the socialized medicine policy of European governments.

Nearly 100 million persons in the U. S. and Canada are covered with

hospitalization coverage, but if this is all cancelled overnight, even with its frills and idiosyncracies and its defects, and replaced with a uniform compulsory government plan, he predicted it would destroy the government that tried it. He cited the introduction in two Canadian provinces of compulsory hospitalization coverage. In Saskatchewan, where there was little private insurance sold, the plan went over well, but in British Columbia, where Blue Cross and the companies had made a good start, the government was thrown out of office. However, the plan continues as a political embarrassment for the new administration, and it seems doubtful that such a plan, once started, can ever be discontinued.

The superiority of the competitive voluntary system will manifest itself most prominently in the quality of medical care, Mr. Hansen said.

He criticized the Blue Cross, saying it is predicated upon objectionable principles, in which the insurer is also the beneficiary. However, there is little danger to the public in this identity of interests so long as there is effective competition from the private companies to force a standard of performance.

Extensive Off-Premises Loss in Tonawanda Explosion

Numerous investigations are taking place into the explosion in the Lucidol Corp. division plant at Tonawanda, N. Y. This caused the death of 14 persons, injuries to many others and \$200,000 physical damage loss to Lucidol and \$100,000 U. & O., plus at least \$100,000 off-premises physical damage. The building in which the explosion occurred was an old two-story brick structure that had been maintained in good condition and was sprinklered. The operations conducted there were of a secret chemical nature. There are some reports that the building was used for the production of organic peroxides and organic peroxide compounds. There were four explosions over a period of 25 minutes. The building and all its contents were demolished. Pieces of debris were found as far away as a mile and a half. At the time of the explosion some alterations were being made in the building.

The Factory Mutual companies had the property damage insurance and Zurich had the liability and PDL through the Rathbone agency of New York City.

It is expected there will be about 500 claims for damage to off-premises property including automobiles. The Buffalo fire commissioner estimates the off-premises losses at \$100,000 but there are others who think it may run as high as \$250,000.

New Auto Classification O.K.'d in Calif., Ariz.

The National Bureau's new auto classification plan has been approved in California, and at the same time the bureau has put out an 8% reduction in average rates in that state.

The combined effect of the reduction and the application of the classification plan has been to reduce rates from \$1 to \$14. Rates for young drivers, however, take increases ranging from \$1 to \$37. Also, rates for medical payments are increased \$1 on standard amounts of \$1,000 or less, and \$2 for higher amounts.

California is the first large state in which the bureau has made a reduction in average rates since the war. Experience there during the last year has shown considerable improvement.

The bureau plan has also been made effective in Arizona, and it is estimated that at least 50% of the private passenger car owners insured with bureau companies will get lower rates.

Strange Bank Loss at New Market Gets Headlines

U. S. F. & G. has the bond on Citizens National Bank of New Market, Va. This is the bank that suffered a loss of \$114,000 in a strange theft engineered by a director of the bank, his nephew and a vice-president of the bank, Theodore Roosevelt Beahm. According to FBI, Beahm flew back to New Market, reported that he had been forced at gun point to open the vault of the bank and give the money to an unknown man, and to Don R. Simpson, the bank director. Then he claimed he was kidnapped by these two and taken to Canada. Later, however, according to FBI, Beahm admitted that he and Simpson were following a plan to clean out the bank's funds and take off. They took \$35,000 of cash and \$79,000 in negotiable securities.

Simpson had been in hot water lately. He was declared bankrupt a month previously in federal court at Charleston, W. Va. About two weeks previous, a warrant was issued for his arrest on a complaint that he issued three bad checks to United Mine Workers in Somerset county, Pa. Then about three months ago, bank examiners found that Simpson was overdrawn about \$20,000 on his account at the New Market bank.

Improvements, Betterments Program in Midwest Doomed

Although a final conclusion has not been reached, the general impression prevails that there will be a drastic change in the way of handling improvements and betterments insurance in the middle west. There is to be a further meeting between the committee of companies and agents that were provided for this summer at the conference of middle western agency leaders with western fire insurance company executives. Many students of the business are convinced that the improvements and betterments form that has caused such a stir in the middle west is the fair and correct way to handle the matter, but they also agree that it is unrealistic to continue to insist on a procedure that creates so much friction in the agency forces and on the part of many insured.

State Examiners Swell the Surplus of National Fire

The surplus of National Fire was increased \$2,307,074 over what the management claimed at Dec. 31, 1952, as a result of a convention examination. The figure was fixed by the examiners at \$32,563,076. This increase in surplus and other changes caused the liquidating value of National Fire stock to be increased from \$125.17 a share shown by the company's unconsolidated statement as of Dec. 31, 1952, to \$129.97. At the same time the indicated liquidating value on the consolidated basis was \$135.42. The valuation of affiliated companies was increased \$796,315 over the parent company's valuation. The examiners gave the affiliated companies a valuation of \$19,699,888.

There was a net increase in surplus of \$16,242,243 for the four-year period under study. Assets, the examiners found to be, \$111,184,124 as compared with the company figures of \$109,855,430.

Whitford Hoosier Speaker

George V. Whitford, secretary of Fire Association, will be the speaker at the Oct. 15 meeting of Indianapolis Insurance Board. "Multiple Peril Policies—Their Benefits and Dangers" is his topic.

Preferred Accident Report

Superintendent Bohlinger of New York has filed his sixth report as liquidator of Preferred Accident, in New York supreme court. The reports so far cover 26,211 of the 50,000 claims that were filed in the proceedings. The claims fell in 16 different classifications and the total claimed was about \$60 million. In January of this year a dividend of 25% was paid on claims allowed to date amounting to something over \$700,000. Creditors whose claims are covered in the sixth report will receive a first dividend when the court disposes of the matter and the liquidator in January expects to clear a second substantial dividend to all creditors whose claims have been allowed.

Liberty Mut. Names Two

Robert L. DeLeeuw, district sales manager at New Haven, Conn., has been appointed regional manager in western New England for Liberty Mutual. He takes the place of William L. Legrow, who moved recently to Chicago to become division manager in the middle west.

Liberty has also promoted John B. Lewis, assistant vice-president, to director of home office business sales. Clifton W. Jacobs, division manager at San Francisco, has been advanced to assistant vice-president at the home office, taking over the former duties of Mr. Lewis.

WANT ADS

Rates—\$18 per inch insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payments in advance.

THE NATIONAL UNDERWRITER

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Experienced casualty and surety production man, married and between ages of 28 and 45, as manager of Syracuse, N. Y., service office, N. Y. S. & O., of a national company. Excellent salary for qualified man. Submit resume. Address U-18, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

COPYWRITER WANTED

by advertising agency handling insurance accounts in Southwest. Knowledge of fire and casualty insurance essential. Good salary and bonus participation. Box #U-52, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Newly established Illinois state wide agency of 50 agent potential wants direct company agency for general casualty business; auto, fire, etc. Also agency for sub-standard and colored for Life, A. & H. and Hospital monthly premium insurance. Address U-60, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

UNDERWRITER

Experienced fire or casualty underwriter needed in the Cleveland, Ohio service office of a well established company writing a general line of business. Should be between 25 and 40 and ambitious. Group insurance and annuity benefits. Address U-64, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Family man 41 desires to relocate. Presently agency employed. Eighteen years agency and company fire and casualty experience. Seek local agency connection. Will produce and manage for salary and earnings participation. Address U-62, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

AVAILABLE

Experienced Casualty man having seven years experience with leading direct writing mutual as salesman, handling service on the larger risks, and as District Manager. Excellent knowledge of all casualty lines with some fire experience. Age 37, married, university education, and willing to relocate. Address U-70, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Close Meeting

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Close Long, Successful NAIA Meeting at Washington

(CONTINUED FROM PAGE 1)

points or 40% of gross. If these methods are allowed, he said, agents can kiss their system goodbye. Agents must fight and fight hard those companies that claim allegiance to the system and then destroy it. He particularly deplored direct billing, continuous policies, commission reductions.

Another resolution called attention to the practice of some surety companies soliciting contract bonds directly from contractors and by-passing agents. The practice was condemned. Another resolution condemned direct solicitation of A&H.

NAIA will ask the House ways and means committee to amend the present tax laws to permit insurance agents that account on an accrual basis to set aside unearned commissions in a separate fund and allow them to report as income for tax purposes commissions as they become earned over the term of the policy. This is to meet the problem created when substantial commissions are paid on a term policy in one year and then later on must be returned in part if the policy is cancelled before expiration. W. O. Thomas of Birmingham brought up the matter at the request of the Alabama association executive committee. The idea would be to have such tax reporting optional with continued use permitted of the present method of reporting.

NAIA went on record with unalterable opposition to any model agents' licensing and qualification law. Agents want a better than "model" or average one where they can get it.

A resolution suggesting that members use "assured" in referring to their clients was defeated. Another, that expenses of NAIA officers, committee-men and staff members at the request of a state association not be paid by NAIA, also lost. W. R. Dunham of St. Louis proposed this one with the idea of economizing.

Following his formal report as chairman of the NAIA special committee on automobile insurance problems, J. A. Neumann, Jamaica, N. Y., the new NAIA vice-president, said that NAIA has sometimes been accused of captive cooperation with insurers. This is as it should be, to a degree, Mr. Neumann said, but there will be no such cooperation on commission reductions as far as he is concerned.

More than 68% of NAIA's membership is made up of the little fellow, said Mr. Neumann, referring to the agency operation costs report of A. L. Schwab, Staten Island, N. Y. In this group, which averages \$50,000 in net premiums annually, a 25% cut in take-home pay could not be taken. These agents make about as much as a plumber's helper and must be salesmen, advisers, experts and even fathers confessor to their clients.

Mr. Neumann called the author of Selective Auto & Fire Ins. Co. of America (Safeco)—the new insurer organized by General of Seattle—"that master opportunist on the West Coast." This scheme will be left, he said, to the "tender mercies" of H. P. Sargent, Seattle, state national director from Washington.

Mr. Neumann asked permission of Mr. Sheldon to bring in L. E. Woodbury, Jr., Wilmington, N. C., and R. B. Battles, Los Angeles to supplement his report with their study of the auto problem. Mr. Woodbury echoed

Mr. Neumann's statement that the Schwab report strengthens the conviction that commissions must remain a matter of individual contract. He said rate filings and correspondence with insurance departments had been made by Mr. Battles and himself and that the studies would continue.

Mr. Battles stated that there is only one point of absolute agreement among all interests in the automobile insurance problem and this is that the insurance business—as a whole—must perform the total insurance function. Somewhere in the total of acquisition cost, production cost or whatever else it is called, Mr. Battles said, must be the reward for those who perform this function.

The auto problem is typified by 1952 figures, Mr. Battle stated, and these figures show that eight insurers wrote a large portion of auto liability insurance. The total expense (other than loss) of State Farm, Farm Bureau, Allstate and Farmers of L. A. was 40%. The expense for the four agency companies, Travelers Indemnity, Hartford Accident, Aetna Casualty and U.S.F. & G., was 40.4%.

Mr. Neumann said agents will cooperate with companies on the auto problem, but not to extinction.

Mr. Dunham criticized National Bureau's press release because it led all insured in Missouri to believe they were going to get a reduction in rates, which is not so. The impression was bad.

Harold B. Larson of Portland, Ore., said he thought agents are overemphasizing the importance of certain individual situations like that on the West Coast and certain competitors like General of Seattle's new insurer. He thinks agents and their companies have been doing a basically good job.

Morton V. V. White of Allentown, Pa., pointed out that agency companies write business across the board, specialty companies are restrictive and have lower loss ratios. Dave McKown of Oklahoma City was critical of the claims practices of companies that seem to follow the idea it is easier to pay than resist a claim.

Sidney A. Singleton, Orlando, said specialty companies in Florida make filings, especially on auto, that do not truly reflect costs involved. If an insurer selects the right insured, all it would need to do would be to charge for the cost of the paper in the policy, he noted. He wondered if NAIA has asked commissioners to scrutinize more closely the filings of specialty companies. President Walter M. Sheldon said no.

H. M. Carter of Savannah said if Allstate and other specialty companies can pick out a segment of business they want, why can't agency companies?

Mr. Neumann said specialty companies don't have agents putting pressure on them to take business across the board. As to exerting pressure on regulatory authorities, if a licensed company makes a proper filing the commissioner has to approve the rates.

Mr. Woodbury said he believes agents will have figures soon with which to oppose the filings of some of the specialty companies.

Melvin J. Miller of Fort Worth, past NAIA president, reported as a member of the insurance committee of U. S. Chamber of Commerce.

Maurice G. Herndon in the report of the Washington office of NAIA which he heads noted that a Senate subcommittee is preparing to investigate the

Burney Chandler Advanced by Swett & Crawford

Burney Chandler, who has been chief fire special agent for Swett & Crawford in southern California and Arizona, has been advanced to manager of the fire division at Los Angeles. He succeeds Kenneth F. LeMarinel, recently resigned.

growing problem of claims against the government as a result of losses and injuries caused by drivers of government owned vehicles. The number of private relief bills are seriously interfering with the regular business of Congress. Private insurance has not come forward with an offer to write special liability coverage for the government though the government has requested assistance. The alternative being considered is some form of revolving liability self insurance pool.

A survey discloses that 38 of 535 Congressmen, both houses, have some type of private insurance connection, according to Mr. Herndon, of them 13 are senators and 25 representatives.

Walter Williams, undersecretary of commerce, made an able and winning talk on security and free enterprise. He paid tribute to the fine work of the insurance business in fire prevention and traffic safety.

There were several breakfast sessions during the convention, including one conducted by F. W. Doremus of Eastern Underwriters Assn., Stanley Cowman of Philadelphia and others on the EUA-agents' public relations program.

At another for rural and small lines agents, Glenn J. May of Spencer, Ind., had Hoyt G. Whitney of Delaware county, O., tell about the highly successful local board program there, particularly traffic safety day once a year. Roads are blocked off, police, state and county, stop cars and inspect them. The percentage of defects found is steadily declining. The association is going to have a meeting with justices, mayors and all police judges in an attempt to arrange for not fining youthful driver traffic code violators. Here the objective is, instead of a fine paid by parents, to get the driver turned over to the authorities and revoke licenses. Agents think this would reduce the young driver infractions.

The annual banquet was held in two hotels and officers were introduced and inducted twice. Sponsors of the entertainment included American-Associated, Royal-Liverpool, Pacific National, Aetna Casualty group, Home, American Surety, Employers, U.S.F. & G., Maryland Casualty, National Union, Crum & Forster, Agricultural, American Foreign Insurance Assn., Pennsylvania Fire, Corroon & Reynolds, Security of Conn., Fireman's Fund, Phoenix-London, Fire Association, Glens Falls, American International Underwriters, Phoenix of Hartford, Massachusetts Plate Glass, and Fidelity & Deposit.

The name of Mr. O'Connell of the Thomas E. Wood agency of Cincinnati for the place on the executive committee had been very much to the fore and the appointment was generally expected and the news of it was well received. He has become one of the recognized leaders in agency organization ranks and he has been one of the most articulate voices on the insurance platform. He has been chairman of the property insurance committee of N.A.I.A., and he is a former president of Ohio agents association.

He has been leader in the Midwest

Territorial Conference and most recently Mr. O'Connell captured the headlines when he gave an address on the automobile competitive situation at the convention of Oregon Assn. of Insurance Agents. Then shortly thereafter, H. K. Dent, chairman of General of Seattle, in telling before a mass meeting in his city the plans for the controversial Safeco, highly praised what Mr. O'Connell had to say and said that General, through the instrumentality of Safeco, was going to try to carry out Mr. O'Connell's aims.

Mr. O'Connell subsequently removed himself from Mr. Dent's embrace by saying that while Mr. Dent quoted those things on which the two are in complete agreement, there were many things in the talk that he did not quote and on which they are in disagreement. He said that he and Mr. Dent are at opposite poles of the world as far as the philosophy of the insurance business is concerned. Mr. O'Connell went on to make the statement in answer to a question that a company that practices top selectivity is not an agency company. When asked to give his views on direct billing, he said he didn't like it and wouldn't have anything to do with it. He said if this is permitted as a precept in the business it would mean the agent would lose control of his business.

Robert E. Battles of Los Angeles and Ralph D. Callister of Salt Lake City are members of the executive committee whose terms expire in 1954; Robert Maxwell, Texarkana, Ark.-Tex., and Kenneth Ross, Arkansas City, Kan., are the 1955 men.

A convention innovation that proved highly popular was the reception following the banquet at which the officers and their wives and members of the executive committee were in the receiving line. This proved to be a most congenial place to fraternize after the convention had come to an end and the spirit was one of relaxation and comradeship. It was especially appropriate this year to bring all hands together in this way because the conventioners were divided during the banquet—one being at the Statler and another at the Mayflower.

Louisville Agency Elects

Kentucky Fire & Casualty Underwriters, Inc., Louisville agency, has elected Wood Hannah, Sr., a stock broker and head of Dodge auto agency there, as vice-president, and Thomas Graham, a stock and bond broker, who is also associated with Mr. Hannah in the Dodge agency, secretary-treasurer. Thomas V. Hensley is general manager. Messrs. Hannah, Graham and Zellner Peal, field man at Lexington, Ky., were named directors.

Olds Acquires Branches

William D. Olds has purchased the offices at Saginaw and Flint of Michigan Adjustment Bureau and he has formed Michigan Adjustment Co. The main office will be at Saginaw and a branch at Flint. Mr. Olds is the manager at Saginaw and C. E. Barrett, manager at Flint.

Bankers, Neb., Now in A. & H.

Bankers Life of Nebraska has entered the A. & H. field, initially writing loss of time coverages only. An A. & H. combination policy and an accident only contract are the first two types of coverage available. Additional coverages will be introduced in the near future.

Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

ter golf club, a cocktail gathering at the Union League club following the board meeting. On Wednesday there was a tour of the stock yards and luncheon at Stock Yards Inn.

Powell Renamed Head of Economics Society

James E. Powell, vice-president Provident Life & Accident, was reelected president of Insurance Economics Society at its annual meeting at Chicago.

Travis T. Wallace, Great American Reserve, was elected 1st vice-president; E. W. Craig, National Life & Accident, 2nd vice-president, and H. O. Fishback, Jr., Northern Life, secretary. Elected to the executive committee were T. P. Beasley, Republic National Life; W. G. Alpaugh, Inter-Ocean; V. J. Skutt, Mutual Benefit H. & A.; A. D. Johnson, United, and Frank L. Harrington, Paul Revere and Massachusetts Protective.

E. H. O'Connor, managing director, reviewed 1953 legislative developments.

E. L. Williams Named to U. S. Mission in Spain

Edward L. Williams, former president of Insurance Executives Assn., has become director of the U. S. operations mission in Spain. From Madrid he will supervise economic and technical assistance phases of the recently signed agreement with that country.

Credit for 100% Coinsurance Is Being Offered in West

In Missouri, Kansas and Kentucky, there has been introduced a provision for a 5% credit from the 90% coinsurance rate, for 100% coinsurance or full insurance to value. It is believed that this new credit will be introduced in other western states in due course. In most of the states, there has been no credit for coinsurance beyond the 90% bracket. The purpose here is to make the terms for specifically rates risks and single state form A business consistent with those governing multiple location risk accounts. Under the rating plan for the latter there was introduced the 5% credit for full insurance to value and there has been some criticism that this gave the multiple location risk account something that was not available for other types of business.

EDISON F. VICKERS, vice-president and a director of Citizens Mutual Auto of Howell, Mich., died recently.

PAUL A. WILDER, for many years assistant secretary in charge of farm underwriting for Ohio Farmers, died at his home at Medina, O.

The Chicago office of **Globe & Rutgers** has been moved to larger quarters at 1864 Insurance Exchange. Samuel T. Johnson is the manager. The former space on the 16th floor has been taken over by the Bartholomay, Clarkson agency.

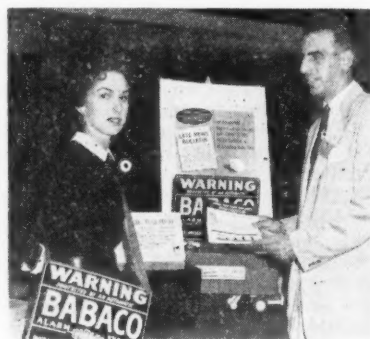
Chicago, Cook County Hand-Book Is Published

The Underwriters Hand-Book for Chicago and Cook county has been completely revised and the new edition now is available at the National Underwriter Co. office, A-1645 Insurance Exchange building.

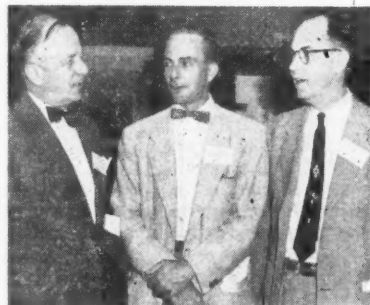
An innovation this year is the addition of a listing showing surplus line agents. All other sections of the book have been brought up-to-date, including the complete listing of all agencies, with company representation shown, and the cross-reference listing of all companies showing agencies representing them. This information is given for fire, casualty and life insurers.

Information concerning insurance associations, adjusters and organizations and allied fields also is given.

An especially popular feature of the book is a thorough compilation of licensed brokers, sub-agents and real estate agents doing brokerage business in the Chicago and metropolitan area. New brokers' Illinois insurance department license numbers are shown.



Miss Helene Poyourow and Robert D. Eckhouse shown at the Babaco booth at NAIA convention.



T. Nelson Parker, general counsel of Virginia association, William N. Day, manager, and William H. Branch, Richmond, president, at NAIA convention.



Al Mezey and John Weghorn, New York City agents, at NAIA convention.

Want 6.2% W.C. Hike in Mo.

Superintendent Leggett has scheduled a public hearing for Oct. 15 to consider a proposed increase of 6.2% in Missouri workmen's compensation rates which would become effective Nov. 1.

The companies are asking for the new rates to compensate for an increase in benefits that became effective

Aug. 29, raising the weekly maximum from \$30 to \$35 and the minimum from \$8 to \$16 a week. This is calculated to amount to 7.9%, but has been overcome somewhat by favorable experience.

Am. Auto Uses 1A Rate for All Class 1 Risks

American Auto in a number of states in which the National Bureau's new classification plan has been approved is observing the class 2 distinctions of the bureau plan, but it has but a single class 1 tariff. This is the same as the lowest bureau rate, which is that for class 1A and that is 60% of the class 3 basis. Instead of charging 70% of the class 3 figure for what in the bureau are 1B risks, American Auto gets 60% of class 3 and instead of getting 85% for what in the bureau is a class 1C risk, American Auto still gets only 60%. Thus American Auto provides a competitive market for autos used in driving to and from work but where there is no young driver.

Among places in which this plan has been introduced by American Auto are California, Michigan, Minnesota and Washington, D. C.

Luther B. Townsend Joins Hoosier Firm of Wells & Co.

Luther B. Townsend has joined the staff of Wells & Co. of Indianapolis as production manager. Mr. Townsend has a wide acquaintance in Indiana among insurance men, and has been special agent for Hartford Steam Boiler for the past six years.

Wells & Co., with offices in the Illinois Building, are Indiana managers for American Casualty Co., American Aviation & General and Standard Fire of New Jersey.



L. B. Townsend

Schedule Ind. Hearing on Antenna Insurance Filing

A hearing is being held before the Indiana insurance department Thursday on the filing of the Indiana rating bureau of a new dwelling form that excludes wind and EC coverage on radio and TV antennas and that would require these to be insured, if coverage were wanted, as a separate item and at a rate of \$5.02. This filing stirred up some opposition in the state and it was disapproved by the insurance department.

In Kansas where this same change was introduced recently, the rate for insuring TV antenna is \$5.96.

Robert S. Killebrew, Chattanooga local agent, has been named to head the big gifts committee in the Community Chest and United Defense Fund drive there.

Consulting Actuaries Reelect Everybody

All officers were reelected at the Chicago meeting of Conference of Actuaries in Public Practice. President is Edward D. Brown, Jr.; vice-president, Harley N. Bruce; secretary, Donald F. Campbell, Jr., and treasurer, Harry S. Tressel, all of Chicago. Joseph Froggatt, Jr., of Los Angeles continues as editor. Elected a director to fill the unexpired term of Jno. A. Copeland, Sr., of Atlanta who died, is William E. Groves of New Orleans.

Sen. Dirksen of Illinois was the dinner speaker discussing the causes of the increasing disbursement curve of the federal government and the threat it carries to the various forms of security devices the people currently hold.

Aurora Church Loss \$200,000

Loss is estimated at \$200,000 to building and \$5,000 to contents in the First Methodist Church at Aurora, Ill. Blazes started at three different places and incendiaryism is strongly indicated. Western Adjustment is handling the loss. The line was placed by the G. A. Anderson agency and the insurers are Fireman's Fund, Ohio Farmers, Pacific and General of Seattle.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.
135 So. LaSalle St., Chicago, Oct. 6, 1953

	Div.	Bid	Asked
Aetna Casualty	3.00*	123	125
Aetna Fire	2.40	51½	53
Aetna Life	2.50*	76½	78
Agricultural Insurance	1.60	29½	31
American Alliance	1.60	34	35
American Equitable	1.50	28	29
American Auto	2.00	46	48
American, (N. J.)	1.10	23¾	24½
American Motorists .....	.40	13¼	14¼
American Surety	3.00	56	58
Boston	1.40	32½	33½
Camden Fire	1.10*	22½	23½
Continental Casualty	2.50*	86½	88
Crum & Forster Com. ..	1.60	46½	48
Federal .....	.60	24	25¼
Fire Association	3.00	63½	65
Fireman's Fund	1.60	59	61
Firemen's (N. J.)	1.00	24	25
General Reinsurance	1.60	34½	35½
Glens Falls	2.00	56	57½
Globe & Republic .....	.80	15½	16½
Great American Fire	1.60	39½	41
Hartford Fire	3.00	158	160
Hanover Fire	2.00	37½	39½
Home (N. Y.)	1.80	38½	39½
Ins. Co. of No. America ..	2.25*	85	87
Maryland Casualty	1.20	25¼	26¼
Mass. Bonding		22	23
National Casualty	1.50*	28	Bid
National Fire	2.60	69½	71
National Union	2.00	40	42
New Amsterdam Cas. ..	1.50	43½	45
New Hampshire	2.00	44½	45½
North River	1.20	27½	28½
Ohio Casualty	1.55*	62	64
Phoenix, Conn.	3.40	92½	94
Prov. Wash.	1.50*	27½	28½
St. Paul F. & M. .....	.90*	33½	34½
Security, Conn.	1.70*	34	35½
Springfield F. & M.	2.00	47½	50½
Standard Accident	1.60	46	47½
Travelers	14.00*	728	735
U. S. F. & G.	2.00	62½	64
U. S. Fire	1.50*	38½	40

*Includes extras.

Paul C. Yankey, Jr., Wichita, Mrs. Yankey; Robert G. Horr, president of Agricultural, and George C. Peacock, vice-president of that company, at Agricultural headquarters during the NAIA convention in Washington.



FIRE · MARINE · CASUALTY · SURETY

Loyalty Group

I N S U R A N C E

FINANCIAL STATEMENTS DECEMBER 31, 1952

VALUATIONS ON BASIS APPROVED BY NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Companies	Capital	Total Admitted Assets	Liabilities (except capital)	Surplus to Policyholders
Firemen's Insurance Company of Newark, N. J. <small>Organized 1855</small>	\$11,925,000.	\$125,872,513.	\$71,027,539.	\$54,844,974.
Girard Insurance Company of Philadelphia, Pa. <small>Organized 1853</small>	1,000,000.	12,515,163.	8,032,056.	4,483,107.
National-Ben Franklin Insurance Co. of Pitts., Pa. <small>Organized 1866</small>	1,000,000.	12,310,134.	7,653,165.	4,656,969.
Milwaukee Insurance Company of Milwaukee, Wis. <small>Organized 1852</small>	2,000,000.	32,979,149.	20,735,873.	12,243,276.
The Metropolitan Casualty Insurance Co. of N. Y. <small>Organized 1874</small>	1,500,000.	38,563,554.	30,241,571.	8,321,983.
Commercial Insurance Company of Newark, N. J. <small>Organized 1909</small>	2,000,000.	45,543,960.	35,212,720.	10,331,240.
Royal General Insurance Company of Canada <small>Organized 1906</small>	100,000.	452,493.	1,155.	451,338.

HOME OFFICE
10 Park Place
Newark 1, New Jersey

WESTERN DEPARTMENT
120 So. LaSalle Street
Chicago 3, Illinois

PACIFIC DEPARTMENT
220 Bush Street
San Francisco 6, Calif.

SOUTHWESTERN DEPARTMENT
912 Commerce Street
Dallas 2, Texas



CANADIAN DEPARTMENTS
800 Bay St., Toronto 2, Ontario
535 Homer St., Vancouver 3, B. C.

FOREIGN DEPARTMENTS
102 Maiden Lane
New York 5, New York
206 Sansome Street
San Francisco 4, Calif.

Meet your HOMETown Insurance Agent

HOW TO INSURE A PROFITABLE BUSINESS

EVEN A GOOD BUSINESS can be a keg of dynamite. A flash fire, for instance, can turn a going concern into a gone one. And that's only one of a hundred or more hazards. Fortunately, many if not most of these risks can be covered by insurance. That's why far-sighted businessmen often have regular, frank conferences with their insurance agents. Have a talk with your Home Insurance agent—he knows his business and how to give you the best insurance values for yours.



Profits as Usual! The earnings of a business can be insured, too. While damage caused by fire or other specified perils is being repaired, Business Interruption insurance provides that regular earnings will continue. And your Home agent can tailor this policy to your needs!

Your HOMETown Agent can serve you well—see him now!



THE HOME Talks Business ... to GET Business For You!

Next advertisement in the new Home series is designed to catch the eye of businessmen, large and small. If you have commercial or industrial policyholders or prospects, this advertisement is working for you. Like all Home advertisements, it is speaking not for the Company but for you, the agent—telling *your* story and emphasizing the value of your services. Reprints of this advertisement, in full color, are available for your use.

★ THE HOME ★
Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.
FIRE • AUTOMOBILE • MARINE

THE HOME INDEMNITY COMPANY
Casualty Insurance • Fidelity and Surety Bonds

The above advertisement
will appear as a full
page in color in:

SATURDAY EVENING POST
October 31

TIME
November 9

U. S. NEWS & WORLD REPORT
November 13

BUSINESS WEEK
November 14

BETTER HOMES AND GARDENS
November

NATION'S BUSINESS
November

TOWN JOURNAL
November

